

Dr Owen hopes for formal Rhodesia negotiations in June

Owen, the Foreign Secretary, in Botswana yesterday that he is to start formal meetings on new constitution with the Rhodesian Government and black nationalist leaders in the middle of June or early July. If they were successful a new constitution for Rhodesia could be put before the British Parliament in the session starting in November. Dr Owen is flying to Salisbury today.

Unity of rival groups crucial

Nicholas Ashford
April 14
It is the weather in Cape Town that is the key to the success of the talks between Dr Owen, the British Foreign Secretary, and Mr Ian Smith, the Rhodesian Prime Minister. While no one underestimates the importance of the talks, the fact that they are taking place in a peaceful setting in Rhodesia is a sign that the South African Government, which has been particularly impressed by Dr Owen's style and approach, is not too far from accepting the British proposal. The British proposal is a new constitution for Rhodesia, which would be put before the British Parliament in the session starting in November. Dr Owen is flying to Salisbury today.



Mrs Thatcher takes to the microscope to watch a microbe during a visit to a Tokyo school yesterday. Report, page 6.

£60m loss feared at Swiss bank branch

Zurich, April 14.—Credit Suisse, one of the big three Swiss banks, said today that its branch in Chiasso, near Lugano, in the canton of Ticino, had suffered losses that could amount to a maximum of 250m Swiss francs (about £60m). The bank said its branch officials at Chiasso had exceeded their authority in dealing with an important foreign client with financial problems. It identified the client only as a holding company with interests in Europe and overseas.

Threat to sixth forms at comprehensives

By Auriol Stevens, of The Times Educational Supplement
Sixth forms of about 140 pupils at a hundred of them studying for A levels, will be recommended as the minimum by the Department of Education and Science. On that basis four out of five existing sixth forms in comprehensive schools would be considered too small to provide an adequate range of courses on an economically acceptable basis. Mrs Shirley Williams, Secretary of State for Education and Science, said in a speech to the National Association of Schoolmasters and Union of Women Teachers at Torquay yesterday that she regarded small sixth forms struggling to provide a limited number of A-level courses as profoundly unsatisfactory. She will therefore ask local education authorities to review their provision for 16- to 18-year-olds in full-time education. A draft circular will be sent out by the department, probably next month. It will set out details of population changes and existing sixth-form provision. The circular will be based on a memorandum that was discussed with local education authorities before Easter. (Full details in today's Times Educational Supplement.)

British Airways faces critical situation after strikers' stay-out vote

By Christopher Thomas, Labour Reporter
A critical situation confronts British Airways after a mass meeting of engineering workers yesterday had overwhelmingly rejected a peace move to end 11 days of unofficial industrial action. The five shop stewards leading the dispute remained defiant in the face of an instruction from the executive of the Amalgamated Union of Engineering Workers that there should be an immediate return to work. The executive has itself called a mass meeting for today in an attempt to persuade the men to return to work. All 3,500 AUEW members at Heathrow have stopped work, and there is varying support among the 500 members at provincial airports. British Airways said it was in a "ghastly situation". The dispute represents a severe test of authority for the executive of the union, which has only just emerged from an almost identical confrontation with Leyland toolmakers. Mr Reginald Birch, an executive member, said: "I am angry that the men do not understand advice that is well meant. It comes from people who are not babies at this sort of thing." There was a clear lack of support yesterday for the men from any of the 16 unions at British Airways. Half the airline's flights from Heathrow to Europe got away because of help by members of other unions. The vote for rejecting a peace initiative drawn up by union and management representatives was surprisingly high, and suggests that the airline faces a prolonged dispute. Aircraft will be grounded as they become a target for maintenance and repairs. As a policy decision, British Airways is concentrating efforts on maintaining long-distance flights at the expense of domestic and European services, and only four out of 25 intercontinental services were cancelled yesterday. No domestic flights are leaving Heathrow and some domestic services are being disrupted because of a stoppage of some AUEW members at provincial airports. Before the mass meeting yesterday, AUEW shop stewards at British Airways voted 115 to 35 against the official union policy on the claim for an increase of a third in shift pay and bargaining rights outside the established machinery. Mr Birch, a Marxist, urged the mass meeting to accept the peace proposals offered by the airline. He said the management agreed to discuss better shop steward participation in the negotiation machinery and agreed that shift pay should be improved when income policy allowed. Mr Jack Gatsky, one of the five stewards leading the action, said after the meeting that the strike might be grounded in three days. "Aircraft need looking after. BA are getting precariously close to the point where all aircraft will be grounded." He added that the main stumbling block to a return to work was that the airline would not agree to a suggested formula for calculating shift payments. "We are under the mandate of our members' support to pursue our claim until it is met." The stewards were not at loggerheads with the AUEW executive, he said. Mr Ross Stainton, deputy chairman (commercial operations) of the airline, said: "I am absolutely staggered. I can not believe the issues were put in a clearly cut fashion. We had expected a positive response to our overtures." The National Joint Council for Civil Air Transport, the official management-union bargaining forum, met last night at Manchester airport cancelled all British Airways flights yesterday after a meeting of 150 AUEW members had voted to stay out. Most of the three thousand passengers affected were transferred to other airlines. Seven hundred workers at British Airways engine plant at Treforest, Mid Glamorgan, have stopped work in sympathy with the dispute. Photograph, page 3

Eastern rail services cut by strike

All Inter-City rail services to and from King's Cross today have been cancelled as a result of a dispute involving guards and shunters, British Rail said last night. About 150 guards last night held a 24-hour unofficial strike, which the National Union of Railmen said it had tried to prevent. The men are protesting against the management's disciplinary action against two of their members who had refused to take out guns with unheated guards' cars. Inter-City services affected include London to Sheffield, Leeds and Bradford, Aberdeen and the east of Scotland, Newcastle and north Lincolnshire. Some East Coast services will run, but only as far as Newcastle or Peterborough. Last night's strike was the first since the North was called. British Rail said only handful of local services are expected to leave King's Cross and electric services in the West and North will be greatly reduced.

Sports Council chief seeks 'open' Olympics

Sir Robin Brook, chairman of the Sports Council, called yesterday for an end to the distinction between amateurs and professionals in Olympic sports and advocated open competition in all their main events, including world championships and the Olympic Games. The appeal came in a policy statement after meetings with national governing bodies of 25 Olympic sports. A copy of the council's views has been sent by Sir Robin to Lord Killanin, president of the Olympic Committee, the British Olympic Association and all governing bodies of Olympic sports. Sir Robin said the present rules of amateur status were open to abuse and would continue to be constantly breached. As true amateurism was no longer possible in many sports requiring almost total dedication to achieve success at the highest levels it was time to end the distinction between amateurs and professionals, he said. At a press conference yesterday Sir Robin said amateur status had been gradually chipped at the edges and it would be wrong to go on with the standard of amateurism, which was false. "If we want to keep our end up we need to back our policy with more money, perhaps from the Government. The amount now available is notable but insufficient for the purposes of clearing prizes not only in the Olympics but in other important events." The Central Council for Physical Recreation commented that Sir Robin's statement lacked the research and background necessary before a government agency could comment on a non-political international sports event. "The responsibility for running international sport is that of the international sports federations," the council said. The British Olympic Association said the statement was "issued without any consultation with us, the representatives of the 26 governing bodies of sport, forming the Olympic programme." The governing bodies had expressed a considered opinion to the association on the issue and the Sports Council's view was "essentially its own". Cliff Temple, page 8

Mr Carter scraps \$50 tax rebate 'stimulus'

From Frank Vogl, US Economics Correspondent, Washington, April 14
President Carter today unexpectedly withdrew his main proposal for stimulating the American economy this year: a \$50 (about £30) rebate every taxpayer and his or her dependants. He decided late last night that he no longer wished the Senate to consider his \$11,000 (\$6,000) plan for distributing the rebates, nor his \$2,000 plan for tax credits related to increased business investment. Both of the proposals have been passed by the House of Representatives, but the rebate scheme looked as if it might be rejected by the Senate. Mr Carter's whole programme for stimulating the economy amounted to about \$15,000m this year and about \$16,000m in 1978. His new decisions will reduce the 1977 programme to about \$3,000m, leaving the 1978 part largely intact. The decision enabled the President to avoid the possibility of a major Senate defeat, but will probably cause concern to many economists and anger the governments of Japan and West Germany in particular. The reason being given officially at the White House for the President's decision is that the economy has gained in strength beyond expectations recently and that there is no longer a need for the rebates. It is a hollow ring however, said its critics, because the real reason was that the White House realized the Senate would kill the rebate plan. Only yesterday, in a major speech, Mr Michael Blumenthal, Secretary of the Treasury, said the rebates were still needed. The economy was still growing too slowly, unemployment was still too high at 7.2 per cent, and use of industrial plant capacity was still far too low. More important, Mr Blumenthal said the rebates were needed, to some extent, to offset the deflationary effect of a shortfall in public spending of some \$10,000m in the first five months of this fiscal year. Continued on page 15, col 1

Rise in television licence fee may be delayed

By Kenneth Gosling
An easing of the BBC's financial deficit, from an expected £15m to £10m, may mean that the Government will delay an increase in the television licence fee. Sir Michael Swann, the BBC's chairman, said as much yesterday. The Government knew the position "and I do not suppose they will necessarily be rushing to give us an increase, because we are entitled to borrow up to £10m. But on the other hand big overdrafts are not very nice and we should like an increase quite soon." Much depended, he said, on the kind of pay deal that went through; if the pay pause held, the increase required would be less. He hoped the increase would be through before the end of the summer. Sir Michael was speaking at a press conference on the BBC's response to the Angus report on the future of broadcasting. It accused the committee of "inconsistent, not to say illogical, recommendations" and expressed "grave objections" to two proposals in particular: that the local radio network should be put under a separate authority, and the suggestion the committee appeared to make that BBC television stations making regional programmes in England should be allowed to withdraw. Full report, page 4. Leading article, page 15.

A good deal for your shares

Today it makes sense to exchange your shares for a holding in a good unit trust. But don't think that all share exchange schemes are the same. Tyndall's is particularly generous and initial charges in Tyndall Unit Trusts are low. Once in the unit trust, you benefit from continuous professional management and the protection of a wide spread of shares. There are also important tax advantages. Whether you want income or capital growth, the range of Tyndall Unit Trusts can meet your needs. Your first step is to get full information on the Tyndall Share Exchange Plan. The form below will bring it to you - no stamp is needed. Or phone Bristol 32241.

Tyndall Share Exchange Plan

Tyndall Managers Ltd, FREEPOST, Bristol BS99 7BR.
Please send me your full details on the Share Exchange Plan.

Name _____
Address _____
Postcode _____

Mr. J. H. Tyndall is a Member of the Unit Trust Association (UTTA) Ltd.

Its will reject phase three Mr Gormley

Gormley, the miners' leader, said today he would not support any phase of the incomes policy, added that he believed that if his members were to hold a ballot on the issue there would be an overwhelming majority against it. Page 2

£70m profit likely on power generating

The Central Electricity Generating Board is expected to declare earnings of £70m for the financial year ended last month, but this will make no difference to higher charges for consumers being implemented. Page 15

Grimsby gets extra government grants

Grimsby has been declared a development area, a fortnight before the by-election there. The port will now be entitled to extra grants to attract industry. Page 2

City's new rules on share 'leaks'

The Stock Exchange and Takeover Panel have jointly drafted a new code of conduct to curtail the possibility of insider trading in shares as a result of leaks from companies or their advisers. Page 15

Brezhnev visit on

France's military aid to Zaire, which was opposed by Russia, will not affect the plans of Mr Brezhnev, the Soviet leader, to visit France this summer. Page 6

at kidnap theory

Investigating the Paris kidnapping of the head of Fiat's French subsidiary it was the work of agents with Latin American connections. Page 5

Teachers' action call

The National Union of Teachers voted to increase pressure on 33 education authorities that have been given government deadlines to end grammar school education. One speaker said the continued sabotage of the great mass of children could not be tolerated. Page 4

Vaccination plea

The Department of Health has urged doctors and nurses to do all they can to maintain vaccination against diphtheria, tetanus and polio. Page 2

City's new rules on share 'leaks'

The Stock Exchange and Takeover Panel have jointly drafted a new code of conduct to curtail the possibility of insider trading in shares as a result of leaks from companies or their advisers. Page 15

City's new rules on share 'leaks'

The Stock Exchange and Takeover Panel have jointly drafted a new code of conduct to curtail the possibility of insider trading in shares as a result of leaks from companies or their advisers. Page 15

HUNTER COMMITTEE DECISION ON TOBACCO SUBSTITUTES

First to be approved Two Silk Cut brands

In a letter to the Chairman of Gallaher Limited, makers of Silk Cut, the Chief Scientific Adviser to the Hunter Committee said:

"At its meeting on 25 March, the Independent Scientific Committee on Smoking and Health (Hunter Committee) concluded its consideration of the Consortium's submission on Cytrel 361 caramel coloured. The Committee concluded that it had no objection to raise on the scientific data you have submitted and it was prepared to consider marketing submissions for the inclusion of Cytrel 361 caramel coloured in cigarettes for their sale in the United Kingdom. This conclusion does not mean that the Committee finds the use of Cytrel 361 caramel coloured unobjectionable without restriction; the Committee will wish to consider detailed marketing submissions for all smoking products containing Cytrel 361 caramel coloured.

In the view of the Hunter Committee, the proposals for the use of Cytrel 361 caramel coloured as set out in your marketing submission with the product references GCM/1 and GCM/2 are unobjectionable."

Product references GCM/1 and GCM/2 are in fact two new members of the Silk Cut range which will be available for sale in July—they are:

Silk Cut King Size with Substitutes.

This will be a low tar brand with 25% Cytrel in the blend. It will deliver 7.5 mgs. tar compared with 9.5 mgs. in the all tobacco version of this brand. Nevertheless, it will offer a fuller taste while retaining the essential characteristics of good Virginia tobaccos.

Silk Cut Extra Mild with Substitutes.

This will be a very low tar King Size brand with 40% Cytrel and 2.8 mgs. of tar.

In confining approval to these two brands, the Hunter Committee stressed in its press release a "desire to see the progressive development of milder cigarettes."

**SILK
CUT**

Silk Cut. The mild cigarette.

LOW TAR As defined by H.M. Government

EVERY PACKET CARRIES A GOVERNMENT HEALTH WARNING

...EUROPE
...and time
...erred in
...action o

...nuclear
...Alein

...to avert
...outbreak

...mans boy
...rotest over

n' can at
their cho

WEST EUROPE

South American link suspected in Paris abduction of Fiat chief

om Charles Hargrove
ris, April 14
Nearly 24 hours after the kid-
nap of Signor Lucchino Revelli-
Beaumont, the president
of a general manager of the
Fiat subsidiary of the
Fiat, the motive of abduction
appears to be baffled as
the motive of abduction.
According to an official of
the Interior Ministry, they are
in a position to say at this
time whether it is an ordinary
crime, or an act of
political terrorism with inter-
national ramifications. For the
time being, neither possibility
ruled out.

The police are, however, ex-
tremely sceptical about the so-
called "Defence Committee of
Alien Workers in France" which
has claimed responsibility.

An anonymous caller who
aimed to represent it tele-
phoned the radio station Europe
one about 1 am today, four
hours after the kidnapping took
place in front of Signor Revelli-
Beaumont's flat in the residen-
tial sixteenth arrondissement of
Paris.

He insisted that the police
should not be informed, and
that the committee wanted
ransom of food and medi-
cines worth 3m francs
(£350,000) to be distributed
among unemployed Italian work-
ers in France. The caller did
not indicate how the ransom
should be paid over.

Commissioner Bouit, who is
conducting the inquiry, said
that the committee was un-
known to the police. "The
work of the police is the more
difficult because we have little
evidence or precise descriptions
of the kidnappers," he added.

Signor Revelli-Beaumont
had never received any
threatening letters.
M Henri Milhor, his chauff-
eur, who was hurt in the
kidnap attack, said that two
men took him to a Renault
car with pistol butts they drove
off in a yellow or white Renault
12 car, which has not been
found.

The kidnapping, however,
might be connected with the
Italian businessman's activities
in Brazil, it is suggested. Signor
Revelli-Beaumont had just come
back from a week-long inspec-
tion tour of Brazil, according
to M Diomedes Carroux, the
chairman of the Fiat France
board. He had been appointed
president of the Brazil sub-
sidiary of the firm at the begin-
ning of this year and before
that directed its operations in
Argentina.

If the kidnapping turns out
to be an act of political terror-



Signor Lucchino Revelli-
Beaumont: Kidnapped at
pistol point.

ism, the clues are more likely
to be found in Latin America
than in Italy in the opinion of
the police.

The Fiat subsidiaries in that
part of the world have suffered
grievously from terrorist ac-
tivities. In 1972, the president
of the Argentine subsidiary was
kidnapped and murdered by
left-wing guerrillas. The follow-
ing year, the director of per-
sonnel was also kidnapped but
released a week later. His
opposite number in Buenos
Aires was shot in April, 1974,
in Córdoba, and in October,
1975, it was the turn of the
personnel manager of the Cor-
doba plant.

Reports suggesting that there
might be some connexion be-
tween Signor Revelli-Beau-
mont's kidnapping and either
the Baader-Meinhof group,
or the discovery a month
ago by the French counter-
espionage organization of an
East European spy ring, are
regarded by the police as
frivolous.

One of the alleged members
of the spy ring was an Italian,
employed in the aviation and
armaments branch of Fiat-
France, which was absorbed in
the Italian aviation corporation,
Aera Italia.

Last Tuesday, Herr Detlev
Schulz, a West German national
suspected of belonging to the
Baader-Meinhof terrorist orga-
nization, was handed over by the
French police to the German
authorities. The kidnapping of
the head of Fiat-France, accord-
ing to one theory, might be an
act of reprisal.

45 per cent of those asked last
February were in favour of
capital punishment. This com-
pares with 34 per cent in
January, 1976, and 37 per cent
last April.

In Bonn the Cabinet as well
as the Bundestag committees for
domestic and legal affairs dis-
cussed the murder of Herr Siegf-
ried Buback, the West German
Chief Prosecutor, last Thursday
and its consequences. No early
results of the search for his
murderers were expected.

The controversy between the
ruling coalition and the Opposi-
tion on whether the present
legislation was sufficient to
fight terrorism and other crimes
of violence went on today.

Representatives of the Social
Democrats and the Free Demo-
crats said after the Bundestag
committee's meeting that the
legislation was adequate. How-
ever, the spokesman for the
Opposition insisted that it had
to be strengthened.

The Opposition intends to ask
for a Bundestag debate on
internal security to be held if
possible next week.

Move to avert Danish strike outbreak

From Our Correspondent
Copenhagen, April 14

The Danish Government
today moved to prevent a
general industrial conflict due
to begin at midnight tomorrow
by introducing a Bill in Parlia-
ment implementing an arbitra-
tion proposal which the Danish
Confederation of Employers re-
jected on Wednesday. Trade
union members had voted to
accept the proposal.

By treating the Bill as an
emergency measure it can be
approved in an extended parlia-
mentary session a few hours
before the deadline for strikes
by nearly 300,000 workers. The
strikes would cut electricity
supplies, stop all transport of
goods including petrol and oil,
and close ferry services, ports
and airports.

Romans boycott coffee in protest over price

From Patricia Clough
Rome, April 14

Many Romans grinded their
teeth and ordered tea today to
protest against the soaring
price of coffee.
They were supporting a city-
wide coffee boycott organized
by the Rome newspaper *Il
Messaggero* with the support
of cafe owners and grocers
associations. It was intended as
a warning to speculators whom
they blame for a large part of
the recent increase in the
price of coffee.

Many Roman cafes put out a
sign today: "Do not come and
have coffee with us", though
it was available to those who
asked for it. Staff at two lead-
ing bars said there had been
a big drop in business but that

some people had been unable
to do without their thick black,
life-giving *espresso* or the
milky *cappuccino*.

A spokesman for a leading
Rome coffee firm said that the
price of coffee had almost
doubled in a year and although
people did eventually adjust to
price rises after the initial
shock, sales had definitely
shrunk.

Today's boycott was also in-
tended to induce the Govern-
ment to encourage the Euro-
pean Community countries to
coordinate coffee purchases.
The organizers hoped that
the boycott would serve as a
warning that there was a limit
to the price Italians could be
expected to pay for their
national drink.

EEC reach agreement with ACP nations

Suva, Fiji, April 14.—Nine
European and 52 African, Carib-
bean and Pacific nations, ended
a trade and aid conference
here today, optimistic that the
two-year-old convention binding
them together is still in good
shape.

"We started off rather
gloomily with fears of leaving
this meeting without any deci-
sions," said Ratu Sir Kamisese
Mara, prime minister of Fiji,
and president of the African,
Caribbean and Pacific (ACP)
group. "But we did arrive at
decisions on important issues
and I think everyone has been
very happy with our success."

Mr Edmund Dell, British
Secretary of State for Trade and
President of the European
Council of Ministers, said that
contrary to what ACP countries
first thought when the Suva
meeting began, the nine Euro-
pean Community countries
arrived ready to make firm
decisions.

One of the main decisions of
the conference has been to
modify the Stabex scheme under
which the European Community
pays compensation to ACP
countries when the price they
receive for certain commodities
in any year falls below certain
averages.—AP.

Iceland agrees to EEC talks on fish issue

Reykjavik, April 14.—The
Icelandic Government has
agreed to meet two delegates
from the European Community
here later this month to talk
about fishery matters, after
refusing for four months to
discuss a fishing agreement.

But political sources said
Iceland would probably not
allow British or other EEC
fishermen back within the coun-
try's 200-mile limits from which
they were barred on December
1 when an accord between Ice-
land and Britain expired.

Icelandic scientists were still
worried about low stocks of cod,
which is extensively trawled by
British boats.—Reuters.



Police attacking young people at Umeaa in northern Sweden yesterday
by a grove of trees threatened with felling. For the past few weeks
hundreds of children have been standing guard in the grove, which
they wish to preserve as these are the only trees left in the locality.

Portuguese Socialists set out to win trade unions from Communists

From Jose Sherriff
Lisbon, April 14

The Portuguese Socialist
Party is starting a drive to
reduce the communist hold
over the trade unions. At a
meeting last night of the gov-
erning party's national leader-
ship the development of demo-
cratic trade unions in a
number of sectors was pro-
posed, including that of rural
workers.

The meeting also denounced
membership of Intersindical,
the Communist-controlled com-
prehensive organization oppos-
ing the social democratic
unions. Intersindical is "totali-
tarian and Leninist in inspira-
tion," the Socialists declared.

A statement signed by Dr
Mario Soares, the Prime Minis-
ter, was issued after the meet-
ing. It referred to the
"anarchy and lack of orien-

ration in the trade union move-
ment and the consequent domi-
nation of the line led by the
Communist Party, which repre-
sents a serious danger for the
future of Portuguese democ-
racy." It proposed a campaign
to train the party's own mili-
tants in democratic trade uni-
onism and to create an insti-
tute for this purpose.

Special attention will be paid
to developing and coordinating
the efforts of existing unions
of Socialists within
existing unions with "totalitar-
ian structures". The Socialist
Party will propose to its parlia-
mentary committee the passing
of a law regulating trade uni-
onism within the framework
of the constitution "to ensure
the greatest possible democ-
racy in the internal life of the
trade unions".

A national meeting of Socia-
list unions is to be held in
Oporto on May 1, Labour Day,
and militant Socialists are to
be mobilized. The party con-
sidered it unnecessary to create
a central union on the lines of
Intersindical, which it con-
sidered "merely a channel of
transmission for the Portu-
guese Communist Party".

The decisions are a forth-
right challenge to the
Communist attempt to impose
a stranglehold on the unions.
Dr Soares is to see President
Carmona in Washington next
Thursday and it is understood
that they will discuss a pro-
posed international loan, with
United States participation, of
\$1,500m (£380m).

Officials here claim there is
a slight improvement in the
economy. Tourism is improving
and remittances from Portu-
guese workers abroad show
greater popular confidence.

Suárez regime faces army action threat

From William Chislett
Madrid, April 14

Spain's senior Army officers
have issued a warning to the
Government that they are pre-
pared to solve the country's
problems by other means if
necessary, according to a
report today, in *El Alcázar*, the
right-wing newspaper of
Franco's Civil War veterans.

The ominous threat came at
the same time as the Govern-
ment named a new Navy Minis-
ter to replace Admiral Gabriel
Pita da Veiga, who resigned
earlier in the week over the
legalisation of the Spanish Com-
munist Party.

It was the Government's
decision to legalize the party
which provoked the generals to
meet in the early hours of
Tuesday and reluctantly decide
to accept the Government's
decision for "patriotic
reasons".

El Alcázar, which broke the
story of the Navy Minister's re-
signation and which is known
to have very good contacts with
the armed forces, said that the
generals decided at that meet-
ing was "tired down and
sweetened".

It quoted the generals as
having expressed disgust at the
way the Government's action
was denigrating the King and
having warned the Government
that "the Army was ready to
solve the problems by other
means if necessary".

The new Minister is Admiral
Pery Junquera, aged 65. He is
a former commander of the
maritime zone of the Canary
Islands.

The fact that Admiral Jun-
quera is not on active service,
but was transferred to the re-
serve in November under a royal
decree, has given rise to specu-
lation here that Señor Suárez
did not have too easy a job in
finding a replacement for Ad-
miral da Veiga, who enjoyed the
wide support of his colleagues.
The navy is known to be the
most conservative-thinking of all
Spain's armed forces.

The monarchist newspaper
ABC today published the
reasons why Admiral da Veiga
resigned. Citing the highest
sources, it said the Admiral con-
sidered the decision to legalize
the Communist Party as con-

trary to what he told a meet-
ing of generals last September.
This was the famous encoun-
ter between Señor Suárez and
the military when he discussed
his political reform programme.
Admiral da Veiga said he was
given to believe that the Com-
munist Party would not be legal.

He also disclosed, according
to the report, that the decision
was taken without his knowl-
edge. He first heard about it
when it was announced on
television.

The former editor of *ABC*,
Señor Torcuato Luca de Tena,
an MP by direct appointment
of the late General Franco, has
resigned his seat in the Cortes
(Parliament). In a letter, he
criticized the Government for
using decree laws to alter
decisions taken by the Cortes.

He accused Señor Suárez of
going against what he had told
the Cortes when the law on
political association was
approved. "The Cortes has
been deceived," he said.

Admiral Enrique Amador
Franco, a distant cousin of
General Franco and Under
Secretary of the Merchant
Navy, has also resigned.

The neo-Fascist Popular
Aliance, headed by Señor
Manuel Fraga Iribarne, which
commands substantial support
among MPs, was meeting today
and may decide to call for an
extraordinary meeting of the
Cortes to discuss recent events.

Madrid, April 14.—Señor
Santiago Carrillo, the Com-
munist leader, today promised
his followers that he would stick
to the rules of democracy.

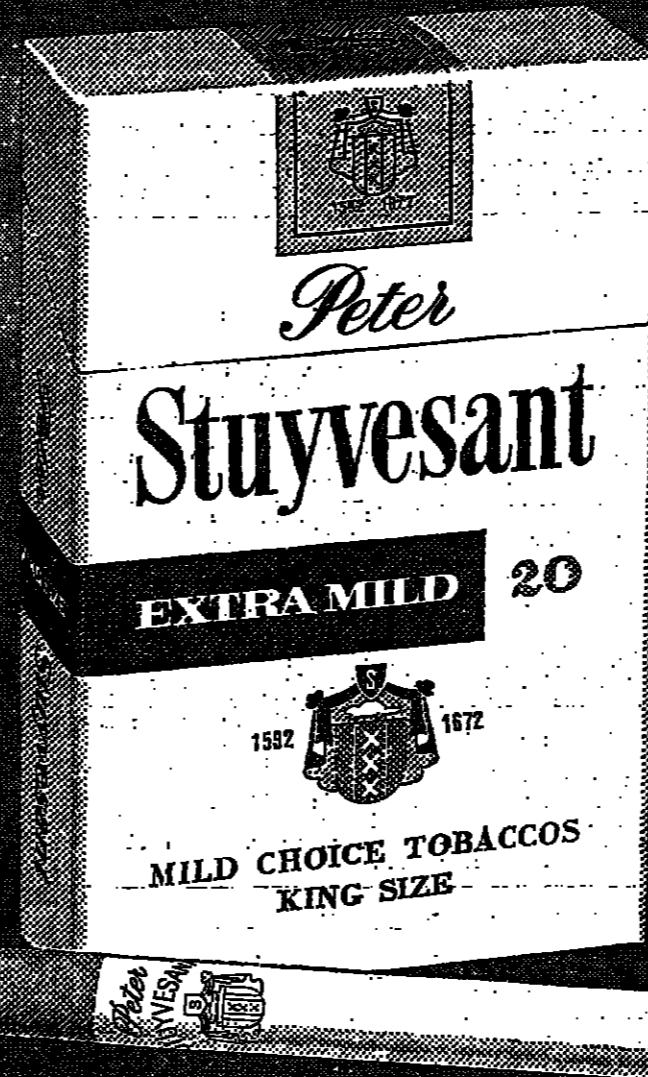
Addressing the meeting of
the central committee, he said
the party must tread cautiously.
"Any thoughtless act, any atti-
tude that does not take into
account the true facts, could
provoke catastrophic reactions
for Spain and for democracy",
he said.

In reply to right-wing state-
ments that the party's legaliza-
tion was a threat, he made his
statement that the Communists
would stick faithfully to "the
rules of democracy".

"Will those who were
Francists all their lives and
now call themselves democrats
do the same?" he asked. "He
called for a constitutional pact
of parties, ranging from the left
to the centre.—Reuters.

The lowest tar King Size cigarette

As shown in H.M. Government tables March 1977



Full King Size

51p

Recommended price

-with Europe's most advanced filter.

PS Extra Mild King Size

...setting the pace in modern smoking

LOW TAR GROUP As defined in H.M. Government Tables.

EVERY PACKET CARRIES A GOVERNMENT HEALTH WARNING

Hugh Clayton

£6,000 plus appointments

THE CRESSET, PETERBOROUGH

DIRECTOR

Within the range £6,225-£7,407 plus £312 supplement annually

The Cresset is unique. Three statutory and eight voluntary organisations have combined to build it. Under one roof it contains a library, centres for the handicapped, the young and for retired people, a sports hall and squash courts, provision for music and craft, licensed bars and a cellar coffee bar, a restaurant, inter-church centre, flats for able-bodied and handicapped people, and other services and amenities. It opens in November.

The Director will have full executive responsibility for management of the Cresset's communal facilities and services, covering the social, recreational and cultural activities. He/she will also maintain close and productive working relationships with all the organisations involved, in particular relating to those services, accommodation, activities, staff and costs which are shared.

Applications are invited from people of proven ability in relevant work, and well qualified by academic or professional attainment and by experience in community education, social development and related fields. In particular, management competence of a high order will be essential, because in serving well its many communities the Cresset must also cover its own costs.

Further information and application form (returnable by 12 May) from: The Chairman, The Cresset Office, 29 Maxwell Road, Woodston Industrial Estate, Woodston, Peterborough, PE2 0JE. Telephone (0733) 233216.

Peterborough
Cathedral city - new town

MERCHANDISE MANAGER

For a progressive independent department store group with an annual turnover in excess of £10,000,000. The applicant must have retail merchandising experience and a thorough knowledge of modern methods including computer-based systems. Ideally aged between 28 and 40 with a dynamic personality, leadership, and the ability to identify sales potential.

The appointment is based in Bournemouth but will involve some travelling to other parts of the country and occasionally abroad.

A salary of £10,000 p.a. is envisaged plus fringe benefits.

Apply initially for application form to Frank H. Beale, Personnel Director, J. E. Beale, Ltd., 11-21 Commercial Road, Bournemouth BH2 5RN.



Beales Bealesons

CIVIL ENGINEER GHANA

£10,000 PLUS MARIED STATUS

We are looking for a Civil Engineer, preferably qualified to HNC level, to supervise the construction of a major road, bridge and drainage scheme in Ghana. The scheme is of £10,000 p.a.

For further details contact:

Mr. Tudor Morris,
General Manager,
CHURCHILL INTERNATIONAL,
Romney Works,
Aynard Park Road,
Twickenham, Middlesex.
01-891 2315.



Motion Pictures

Major Motion Picture Company seeking Executive to conceptualise, plan and implement international advertising and publicity. Applicant must have broad international background in sales and marketing techniques.

Specific duties would include advertising creation and preparation, budgeting and cost control, media planning and buying, and movie promotion.

Los Angeles based with extensive travelling.

BOX 0817 J, THE TIMES

CHIEF MECHANICAL ENGINEER
IRAN

A reputable consulting firm in Iran has a vacancy for a Chartered (U.S.A. registered) Mechanical Engineer with a minimum of five to ten years of design experience for cold storages 2,000 to 100,000 tons capacity.

Candidate must have similar design experience and knowledge of latest cooling systems design.

Salary range £16,000-£22,000 per annum. Location of assignment is in Teheran for

PROFESSIONAL ENGINEERS AND CONSULTANTS GROUP (PENACOG) TEHRAN, IRAN.

P.O. BOX 2057, TEHRAN, IRAN.

CABLE PENACOGCONSULT. TEL: 680264 680265

No reply for non-qualified applicant.

OPPORTUNITIES
IN DUBAI

We need the following people for our construction projects:

GENERAL MANAGER/TECHNICAL ADMINISTRATOR

SITE ENGINEER/WORKMEN CONTROLLER

CONCRETE FOREMAN

Minimum experience 15 years. Salary negotiable. Accommodation provided.

Please write in first instance to:

BOX 0893 J, THE TIMES.

Every Friday
£6,000 plus Appointments

For details, or to book your
advertisement please ring

01-278 9161 or

Manchester 061-834 1234

Mental Health Care
A Senior Advisory Role
in Scotland

This is an opportunity for an experienced psychiatrist to head the Chief Medical Officer's group of medical advisers covering all aspects of mental health matters in Scotland. The successful candidate will also act as Consultant Psychiatrist to the Scottish Prisons and Borstal Service, and will be personally concerned with providing the Secretary of State for Scotland with psychiatric advice on patients subject to restrictions under his Control and on any others involved in criminal proceedings.

Based in Edinburgh, the work calls for substantial travelling throughout Scotland to visit psychiatric hospitals and penal establishments.

Candidates must be fully registered

medical practitioners in the United Kingdom with a higher qualification in psychiatry and extensive experience in clinical psychiatry. They should preferably have held a senior post in a hospital. A higher qualification in medicine and experience in forensic psychiatry would be advantageous.

Salary for this Principal Medical Officer appointment is £11,440; non-contributory pension scheme. For further details and an application form (to be returned by 5 May, 1977) write to Civil Service Commission, Alencor Link, Basingstoke, Hants, RG21 1LB, or telephone Basingstoke (0256) 58551 (answering service operates outside office hours). Please quote Ref: S/9514/4.

Scottish Home and Health Department

Ministry of Defence, London
Head of Naval
Historical Branch
£6455-£8225

to carry out research for the Naval Staff, give advice on naval history, and correspond with historians of foreign navies. The work also involves supervision of naval historians, the Research Room, data compilation, the Foreign Documents Section and the Naval Staff Memory, and membership of the Ship's Names and Badges Committee.

The Head of Naval Historical Branch (which has a large reference library) is, at present, the MOD (Naval) representative on various bodies and committees including the Imperial War Museum and the Maritime Trust.

Candidates should normally be

aged at least 35 and have a degree with 1st or 2nd class honours, or a post-graduate degree, or an equivalent qualification, preferably in history. They must have a keen interest in the history and problems of the Royal Navy, the capacity for objectivity and a critical approach.

Salary will start at £6,455 and rise to £8,225. Non-contributory pension scheme.

For further details and an application form (to be returned by 5 May, 1977) write to Civil Service Commission, Alencor Link, Basingstoke, Hants, RG21 1LB, or telephone Basingstoke (0256) 58551 (answering service operates outside office hours). Please quote Ref: S/9512/1.

The Democratic
Republic of the Sudan
ADMINISTRATOR

The Kenana Sugar Company Limited, the largest agricultural project under way in Africa, situated on the White Nile 200 miles south of Khartoum, requires an Administration Manager of high calibre. He will be responsible, to the Project Manager, for all non-technical matters on the estate including personnel, training, security and welfare, also for the establishment and maintenance of a considerable township and associated farm villages.

A man in his 40's with wide African or Middle Eastern experience and proven executive ability is sought.

This is initially a 3 year contract and on an accompanied basis. Remuneration is generous as befits the importance of the appointment and provides for substantial savings during the period of the contract.

Please apply to the Group Personnel Manager.

London Limited, Cheapside House, 138 Cheapside, London EC2N 6BL

ELECTRICAL
ENGINEER

Electrical Engineer required by manufacturer of industrial electronic control and data logging equipment to develop and co-ordinate existing activities in Asia, particularly Japan. The successful candidate will report to the Chief Executive of an International Group and be a key member of a team leading a small company to world leadership. He will have a degree in Electrical (Electronic) Engineering or Physics and experience of electrical control systems.

The initial location will be in or near Tokyo, but fluency in Japanese is not considered essential.

Apply in confidence to:

BOX 0829 J, THE TIMES.

THE FAMILY PLANNING
ASSOCIATION OF HONG KONG

Applications are invited for the full time post of Assistant Director (Medical) to begin as soon as possible. Applicants should have a medical qualification, registrable in Hong Kong. Experience in Gynaecology or family planning is preferable. Duties include (a) planning and organization of new and existing clinics and their internal arrangements, (b) responsibility for the medical records and preparation of reports, (c) assessment of the various methods of contraception and research into their effectiveness and (d) responsibility for the medical aspects of education and training programmes and provide medical information for all publicity programmes.

The monthly salary scale is: HK\$4,600-4,830-5,060-5,290-5,520-5,750-5,980-6,210-6,440-6,670-6,900. Superannuation for appointee under 45. Starting salary will depend on experience and qualifications. Overseas appointee and his family will be provided with return air fare. Fully furnished flat is also provided but 7% of salary will be deducted for rent.

The initial contract is for 3 years, renewable subject to satisfactory service. APPLICATIONS, PREFERABLY TYPEWRITTEN, GIVING AGE, QUALIFICATIONS, NATIONALITY, PRESENT AND PREVIOUS APPOINTMENTS (WITH DATES), NAMING 2 REFERENCES, SHOULD BE SENT TO THE DIRECTOR, FAMILY PLANNING ASSOCIATION OF HONG KONG, 152 HENNESSY ROAD, HONG KONG, BY 31st MAY, 1977.

SENIOR
MANAGEMENT
APPOINTMENT
Computer Services-UK

As a result of promotion, a leading international company in the forefront of the North Sea Oil and Gas industry is seeking to appoint a Computer Services Area Manager to assume responsibility for the computer functions of their U.K. operation.

This is an important position and applicants, male or female, must have at least 10 years experience of data processing. This will include programming and systems analysis in areas covering accounting, payroll, inventory, scheduling and engineering using COBOL, ASSEMBLY LANGUAGE and FORTRAN. At least five years will have been spent in management. A knowledge of on line and plotter applications is essential as is telecommunications and operations of computers or computer terminals.

Travel throughout the U.K. is involved and applicants must be free to do so at short notice.

A highly competitive salary is offered and fringe benefits are those associated with an international organisation.

If you have a solid grounding in computer management and its associated operations and can effectively communicate with technical and managerial personnel we would like to hear from you.

Please write in confidence, giving full career details to: Peter F. Brandon, Director Recruitment, Ref: PB 222.

Walter Judd
Limited1a Bow Lane
London EC4M 9EJRoyal Commission on the
National Health ServiceECONOMIC
ADVISER

The Commission's terms of reference are:

"To consider in the interests both of the patients and of those who work in the National Health Service the best use and management of the financial and manpower resources of the National Health Service."

The successful candidate will prepare background papers for the Commission and its Committees, act as liaison officer with external researchers in the field of economics, and conduct general intelligence work in this field. Research experience in the health field, together with familiarity with the literature on health economics both here and abroad, is essential.

Salary will be within the range £6,455 to £8,225. The appointment will be until December 1978, and if desired could be on secondment by arrangement with the present employer.

Application forms (to be returned by 29 April) may be obtained from Cathy Campbell, Royal Commission on NHS, Commission House, 20 Grosvenor Hill, London W1X 0HN (01-629 8233, Ext. 237).

Director of
Occupational Health
Province of Nova Scotia
Canada

The Department of Public Health, Province of Nova Scotia, Canada, offers a challenging career as Director of Occupational Health.

The Director will be responsible for planning and directing the occupational health programme for the Provincial Government. Will act as consultant to government agencies, industry and labour organizations. Will direct the activities of a small professional and tutorial staff. Provides leadership in initiating research studies and surveys.

The successful candidate will be a qualified Occupational Health physician with supervisory and administrative experience.

SALARY RANGE: Approximately £17,753-£20,542 (Under review).

Those wishing to be considered for this position are invited to send details of their qualifications and experience not later than May 16, 1977, to:

Recruitment Committee
NOVA SCOTIA AGENT GENERAL
14 Pall Mall
London
SW1Y 5LV

BRITISH DENTAL ASSOCIATION

Applications are invited from holders of a registrable dental qualification for the post of

EDITOR OF THE
BRITISH DENTAL JOURNAL

The successful applicant would be expected to take up the post of Editor Designate in January 1978 or as soon as possible thereafter and to succeed the present Editor on his retirement approximately one year later. The salary and conditions of service attached to the post will be subject to negotiation. Further detailed information may be obtained from the Secretary, British Dental Association, 64 Wimpole Street, London W1M 8AL. Envelopes should be marked "Appointment of Editor".

The closing date for applications is May 16 1977

Church of England Board of Education
and National SocietyGENERAL
SECRETARY

Owing to the appointment of Canon Robert Holby to the Deanery of Chichester, the office of General Secretary of the General Synod of the Church of England Board of Education and of the National Society for Promoting Religious Education, will become vacant in the Autumn.

Applications are invited from communicant members of the Church of England (men or women, lay or ordained). Full details of the post and application forms may be obtained from the General Secretary, Board of Education and National Society, Church House, Deans Yard, London SW1P 2Z, 01-222 9011.

OTHER
APPOINTMENTS
VACANT
APPEAR
ON
PAGE
22

Male PA/Secretaries
Saudi Arabia

A major US world bank with substantial interests in the Middle East, is looking for three male PA/Secretaries to assist the Bank's senior management in Jeddah and Riyadh.

Several years' experience as an Executive Secretary are essential, together with first class shorthand, typing and administrative skills. Much of the work is of a highly confidential nature, and these positions demand initiative, maturity, tact and diplomacy.

A knowledge of the social and commercial structure of the Middle East, perhaps gained on a similar position would be extremely valuable.

We offer a highly competitive salary c. \$9,000 p.a. together with a first class range of fringe benefits and generous fare paid home leave.

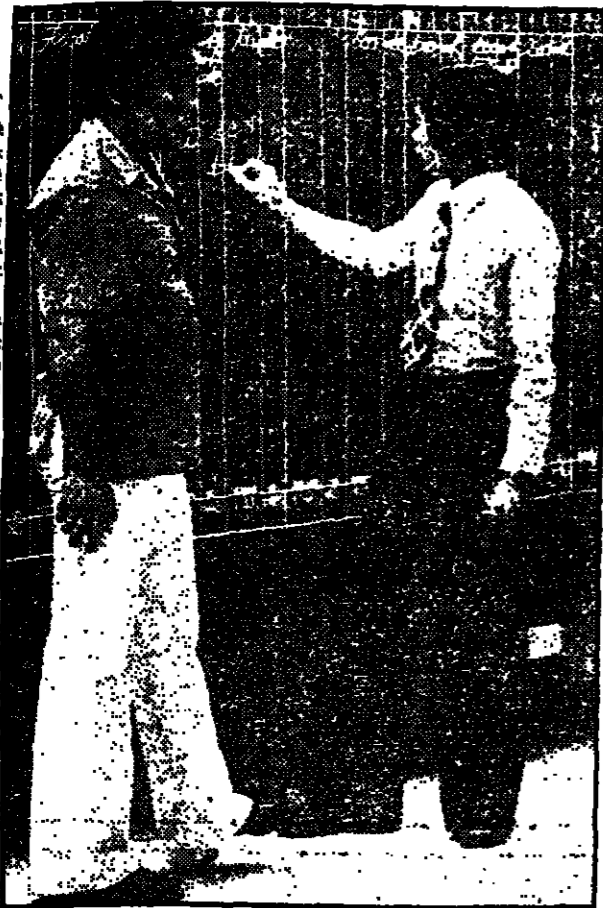
Please write with full details of your career to date, and a daytime telephone number to: Mrs. Guy, c/o K.D.C. (Civil Engineering) Ltd, Budgey Parade, London Road, Sunningdale, Berks.

Interviews will be held in London.

Technique
knockout
in just
one word

Banking in Asia

Six days before the opening in Manila of the tenth annual meeting of the Board of Governors of the Asian Development Bank, this Special Report looks at banking activities in South, South-east and East Asia. The opening section examines the rapid increase in loans to these areas, efforts to coordinate banking policies by the Association of South-East Asian Nations, and the operations of Japanese banks in Asia. It is followed by a detailed survey of banking in six countries



Risky region for long-term loans

by Adrienne Gleeson

"What you have to remember," says one international banker, "is that economically Asia is a very diverse area." Even if one excludes the countries of the Middle East, with their spectacular extremes of wealth and poverty, Asia comprises economic giants such as Japan on the one hand and, on the other, countries such as Bangladesh and Sri Lanka, taking their first steps towards economic diversification and development. They have, however, two things in common: all of them need money for development and all of them want to borrow.

Lending to Asian countries has increased enormously since the turn of the decade—from \$1,100m in 1973 to \$3,400m in 1975 alone. The increase was partly a consequence of the oil price rise of 1973, which pushed the price of oil to a level of \$30 a barrel (the British banks consider these legal limits to be a temptation in themselves and believe they are more cautious in their lending for the lack of them), Americans also operate portfolio limits according to the amount of exposure they want in any area. These portfolio limits are dictated by a number of factors, both political and economic.

The scale of the increase has left international bankers uneasy, and, as the North Korean rescheduling at the turn of the year indicated, with good reason. Japan presents no difficulties, and most Japanese companies rank high as international borrowers, since they are collectively known as the "four big" and one of the dilemmas for bankers lending in South-east Asia is that certain countries there are well over their heads and lending towards 20 per cent at which even the World Bank calls a halt to new external borrowing.

Political and economic developments may jeopardize the payments of interest and even, particularly if a new regime repudiates the actions of its predecessor, the repayment of capital. The result is that a country such as Bangladesh finds it almost impossible to raise funds for development from any other source than the "soft" suppliers—the World Bank and the Asian Development Bank

—which were established to lend long-dated funds on easy terms to the least developed countries of the world.

"We just could not justify lending to Bangladesh on anything longer than a five-year term," one London banker said.

"Five years?" says an American banker. "Hell, that's about five years longer than I'd be prepared to go."

But what of those other Asian countries into which the banks have been pumping funds with a vigour reminiscent of the great tanker bubble of five years ago? The answer is that the banks operate under certain restraints.

The Americans are obliged by law to lend no more than 10 per cent of their capital to any one borrower; and since 10 per cent of capital can still be a great deal of money, the American banks consider these legal limits to be a temptation in themselves and believe they are more cautious in their lending for the lack of them, Americans also operate portfolio limits according to the amount of exposure they want in any area. These portfolio limits are dictated by a number of factors, both political and economic.

decisions to make elsewhere. The drawback of the debt-service ratio is that it does not offer any comfortable absolutes—it can fluctuate wildly with the ups and downs of foreign exchange earnings, and these tend to be more volatile in less developed countries than elsewhere. That is because they are often heavily dependent on commodity exports.

Thus rubber accounts on average for about 20 per cent of Malaysia's export receipts, and palm oil for another 15 per cent; and the Philippines derives about a quarter of its foreign exchange earnings from sugar. So any sharp fluctuations in commodity prices can have a dramatic effect on foreign exchange earnings.

Volatile earnings are not, however, peculiar to these less developed countries where commodities are important exports; they are also a feature of countries which are dependent on the export of fairly primitive industrial products. It is through these exports that such countries withstand the blast of recession in the West. The consequences are striking.

In 1974 the earnings of the Philippines from merchandise exports increased by 44 per cent, in 1975 they dropped by 16 per cent, and in 1976 picked up by another 2 per cent. In Singapore the pattern was a 50 per cent gain, a 9 per cent fall, and a 27 per cent gain; in Formosa a 25 per cent gain, a 5 per cent fall, and a 50 per cent gain.

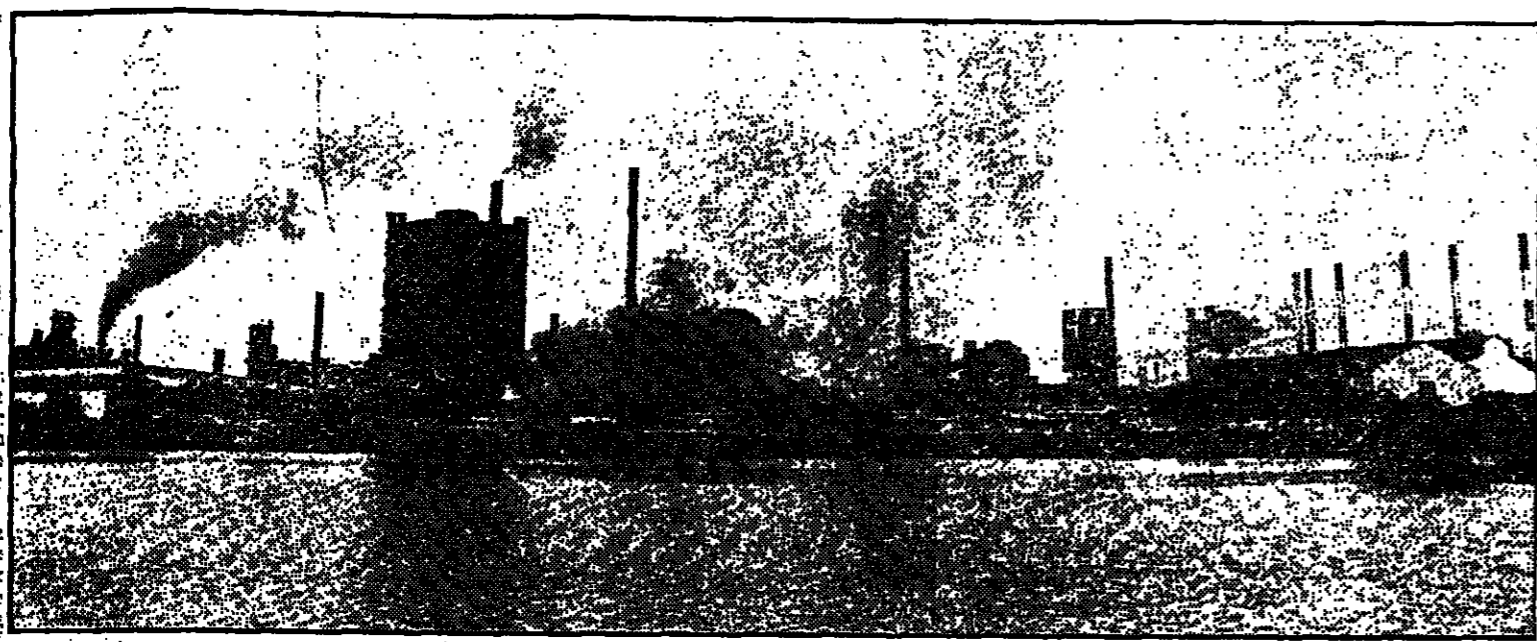
This year export earnings should rise again on the strength of high commodity prices and more buoyancy in the economies of the West—although there are economic analysts prepared to assert that the Japanese economy is past the peak of its recovery.

That indicates the difficulty which bankers now lending in Asia have to face. Next time the economies of the West slip into recession, their clients in Asia will be that much more heavily exposed because of the increased borrowing of the past few years; and most of them still want to borrow more. With some countries there is no difficulty: Malaysia, Singapore, Thailand and Formosa all have fairly low debt-service ratios and are considered politically stable and economically strong. Elsewhere the pay-off from the funds spent on development is already working through. South Korea is a case in point, as last year's 52 per cent improvement in export earnings from merchandise is estimated to have pushed the debt-service ratio down to under 10 per cent.

The Indian economy, too, has pulled round in a remarkable fashion over the past couple of years—thanks in part, it is true, to a couple of good harvests but thanks also to the new manufacturing and technical capacity which it is busy selling to the Middle East.

But in the case of all the heavy borrowers—South Korea, Indonesia and the Philippines—many bankers are already thinking hard about whether they want to increase their portfolio exposure even with the protection of consortium lending or with loans linked to World Bank or other soft finance. It will not take much of a threat of renewed recession to make them decide in the negative.

So the probability is that these borrowers will be turning more to the World Bank and other agencies for soft loans before the end of the decade, particularly as there is big money involved: even after a cutback in the growth of foreign loans to keep its debt-service ratio under 20 per cent, the Philippines, for example, is still likely to be looking for the best part of \$1,000m a year in new loans. And what, finally, of the possibility of repudiation or attempts to reschedule the loans already granted or still to be given? All bankers shy away from the first possibility, but of course it exists. As banks are lending far more widely than they used to do, the statistical probability that it will happen is increased. But if the trouble is economic rather than political, then rescheduling on the lines recently agreed by North Korea is a much more likely outcome, if only for the sake of financial confidence.



Industry, a stock exchange and agriculture—faces of the developing East.

Lenders to the poor

by Bernard Wideman

The two most important institutional lenders backing-up economic development in Asia are the World Bank and the Asian Development Bank (ADB). The World Bank made loans totalling \$2,807.7m to countries in East, South-east, and South Asia in fiscal year 1976 alone (out of \$6,532m worldwide). The ADB has extended total credits of \$3,390.6m in the region since its inception in 1966. However, it must be recalled that the World Bank has been in the lending business for a much longer period, having been formed in December 1945, and has a subscribed capital of \$30,860m, compared with ADB's capital of \$3,700m.

Both institutions operate mainly on funds borrowed in normal financial markets. For example, the World Bank has the greater portion of its capital subscription (\$27,775m) in pledges which can be called on. The ADB began business with 50 per cent of its subscriptions paid up and the remainder capable of being called on.

When it decided in 1971 to increase its capital stock, member countries were required to pay in only 20 per cent.

With plans now under way to boost capital to \$8,700m, ADB is requiring its subscribers to pay in only 10 per cent. Both banks rely on the "callable" portions of their capital subscriptions as collateral for borrowing in the world's money markets.

Lending rates charged by the World Bank and the ADB are modest but not cheap. The World Bank was charging 8.85 per cent at the end of the fiscal year (June 30, 1976), while the current ADB rate is 8.7 per cent. But for the poorest of the poor, both banks have "soft loan" concessions. The World Bank calls its soft loan facility the International Development Association (IDA), while the ADB terms its facility the Asian Development Fund (ADF).

The IDA reserves its loans for those countries with annual incomes below \$200 a head; while the ADF limits itself to loans in countries with incomes below \$300 a head.

However, in practice, because of ADF's limited capabilities, the loans have been going to countries with incomes below \$150 a head—mainly Afghanistan, Nepal, Bangladesh, Burma, Sri Lanka, Laos and Vietnam.

The World Bank, in addition, has an intermediate financing facility, commonly termed "the Third Window", designed to provide loans to countries which can afford to pay some interest but not the standard interest rates—usually countries with incomes below \$375 a head but above \$200 a head. Subscription to the soft loan facilities must be paid in completely by the subscribing countries and commercial loans are not used in funding these facilities.

In practice, most loans go to the more developed of the developing countries. In the case of the ADF, the top borrower is the Republic of Korea (1974 gnp \$480 a head) with total borrowing of \$551.3m at March 1, 1977. In second place is the Philippines (1974 gnp \$330 a head) with total borrowings of \$448.5m.

Even Singapore (1974 gnp \$2,240 a head) has been able to borrow only \$182.3m but the bulk of this (\$178.5m) has been from the ADF soft loan facility. Bangladesh pays no interest and only a 1 per cent service charge on the 40-year loans.

The reason the richer countries get most of the loans is because, according to ADB officials, these countries are better able to identify, propose and carry through development projects. These officials point out that in dealing with the poorest of the poor, bank teams have to do most of the work in identifying projects and drawing up the project proposals.

Both institutions have been charged with being extensions of the foreign and commercial interests of their chief backers—in the case of the World Bank, the United States; and, in the case of the ADF, Japan. For example, in the case of the ADF, Japan profits because Japanese industry was able until recently to provide 60 per cent of all equipment required by ADF-funded projects.

This has now been reduced to 38 per cent as projects are less in South Korea and Taiwan and more in South Asia, thus depriving Japan of cheaper shipping rates than competitors.

Critics also made the charge that projects by both banks tend to keep Third-World countries as suppliers of raw materials to, and purchasers of industrial equipment from, the industrialized world. In addition, development strategy promoted by both banks generally relies on the "trickle-down" effect whereby industrial public service projects are expected to develop backward linkages which will slowly benefit the mass of the people. The Far Eastern Economic Review recently termed Sri Lanka "McNemar's mess" because of what it viewed as "the faulty

development strategy which Robert McNamara's World Bank advisers forced on government".

Both institutions are acutely aware of the criticisms and seem to be reacting. An ADB spokesman says their loans are nowadays being made mostly to quick-turnover projects such as irrigation projects and fertilizer production using local resources. The idea is to keep the projects small and in the rural areas where most of the region's people live and work and can be benefited.

Instead of funding inter-city highways, the ADB is now more interested in funding farm-to-market roads. A World Bank document states that their new emphasis is "on investments which can directly affect the wellbeing of the masses of the poor people of developing countries".

Whether or not either bank will be successful with its new emphasis remains to be seen. So far, the view in Manila is not particularly optimistic. During last October's World Bank annual meeting in Manila, slum dwellers marched through the streets demanding that the World Bank withdraw its \$32m loan to the Philippine Government for urban development.

The slum dwellers complained that the Government was displacing them in preparation of the project approved by the World Bank. A bank official met with leaders of the slum dwellers, and told them it would maintain its commitment to the project but he would look into their complaints.

Another local project which has run into popular opposition is a new Manila fishport complex completed a few months ago with a \$5.5m loan from the ADB. The fishport, built by Japanese contractors, is equipped with labour-saving machinery which will displace some 2,000 workers when it replaces the older labour-intensive fishport. The new facility opened on April 3 under heavy military guard because the workers at the old facility were threatening to blockade it. Three people were arrested.

However, if the banks occasionally become involved in pushing particular projects which apparently run counter to the wishes of the masses, both banks do serve real development interests. This was seen in the recent welcome given to bank representatives by the populist rulers of Vietnam. The ADB mission, which was there in January, found that Hanoi wanted to renege funding and work on fishery, irrigation and water projects begun under the former South Vietnamese regime.

Providing for tomorrow's world.

The Hongkong Bank Group is preparing to meet the demands of the future as it develops more specialized services.



The Hongkong Bank Group has developed considerable skills in data processing services to customers.

The development of sophisticated communication equipment throughout the world brings businessmen closer together and facilitates rapid and immediate contact. Tomorrow's world will contain more people demanding increasingly widespread and specialized banking services. The Hongkong Bank Group recognises this and is developing further sophisticated banking services and training its staff all around the world. Here are some of the services we can offer today to meet the ever changing needs of tomorrow.

Full international banking service

The Hongkong Bank Group now has more than 400 offices in 41 countries, of which over 200 offices are in Asia alone. As a result, The Group can offer a full range of banking and financial services in just one country or on an international scale. To meet the demands of tomorrow's banking public, The Group is constantly expanding its network to offer additional services to more people and businessmen throughout the world.

Merchant banking

Through Wardley Limited, the merchant banking subsidiary of the parent, The Hongkong Bank Group can provide financial advice that covers the financing of short and long term development plans, specific projects and more general schemes of expansion, as well as mergers and acquisitions.

Finance and investment

With assets in excess of US\$13 billion, The Hongkong Bank Group is in a very strong position to arrange the many diverse kinds of financial help, short or long term, international and local, foreign exchange, credit facilities and investment advice worldwide.

Travellers cheques

For businessmen or tourists travelling throughout S.E. Asia we can supply Hongkong and Shanghai Banking Corporation Thomas Cook Travellers' Cheques that are valid worldwide, accepted internationally and can be bought through any member bank within The Hongkong Bank Group or through Thomas Cook offices and their agents.

Bullion broking

Since the opening of the American Gold Market in 1975, Asia has provided a very valuable time link between the closing of the American and the opening of the European markets. Sharps Pixley Wardley Limited deals in precious metals in Hong Kong and handles the physical sales of gold in the Asian area. The company is jointly owned by The Hongkong Bank Group and Sharps Pixley Limited, one of the five members of the London Gold Market.

Trustee services

The Hongkong Bank Group offers a wide range of confidential trustee services through The Hongkong and Shanghai Bank, Hong Kong (Trustee) Limited. This trust company is empowered to undertake such services as executor and/or trustee of a will, administrator of estates, attorney administrator for legal personal representatives abroad and custodian trustee for provident funds and unit trusts.

Data processing services

The Hongkong Bank Group has installed computers in all its major branches. These range in size from dual IBM 370/158s with 1000 online terminals in Hong Kong to an ICL 2903 to service the 6 branches of the Mercantile Bank on the island of Mauritius in the Indian Ocean.

Unit trust management

The Hongkong Bank Group, through subsidiary companies, offers professional investment management of unit trusts, particularly for those seeking to participate in the growth potential of many Asian countries. In this way the private investor can secure all the benefits of professional expertise normally available only for those with substantial funds. The main objective of the managers is capital appreciation together with growth in income over a period of time.

The Hongkong Bank Group

A world of banking experience

LONDON OFFICES: 99 Bishopsgate, London EC2P 2LA, and 123 Pall Mall, London SW1Y 5EA.

Offices in Manchester and St. Helier, Jersey; Also in Australia, Bahrain, Brazil, Brunei, Canada, People's Republic of China, Djibouti, France, Germany, Guam, India, Indonesia, Japan, Jordan, Lebanon, Macao, Malaysia, Mauritius, New Hebrides, Oman, Philippines, Qatar, Saudi Arabia, Singapore, Solomon Islands, South Korea, Sri Lanka, Switzerland, Thailand, United Arab Emirates, United States and Yemen Arab Republic.

GROUP HEAD OFFICE: 1 Queen's Road Central, Hong Kong.

Bank on our specialists...

They are ready to advise you on your business plans and financial requirements...

Our years of experience will give you a head start.

OVERSEAS BRANCHES:

Hongkong, Jakarta, Kuala Lumpur, London, Osaka, Singapore, Taipei, Tokyo, Los Angeles, New York

HEAD OFFICE:
9 Suapa Road,
Bangkok,
Thailand.
Cable: BANKOBANK,
BANGKOK
Telex: BK 2287

LONDON OFFICE:
59 Gresham Street,
LONDON EC2V 7HB
Telephone: 01-606 0271

Bangkok Bank Limited

Council could be catalyst for a common market

by Anthony Rowley

In one of the most significant developments in Asian banking for many years, members of the Association of South-East Asian Nations (ASEAN) agreed last August to form a banking council to coordinate banking policies in the region. If this forum can meet the ambitious targets set for it, it will help greatly to foster the concept of monetary and economic union, and ultimately of political union, among the ASEAN nations. In other words, it could be a catalyst for a common market in South-east Asia.

The 200 delegates from the five ASEAN countries—Indonesia, the Philippines, Malaysia, Thailand and Singapore—who attended the Singapore conference agreed that the ASEAN Banking Council should have a maximum of five members from each country and should be empowered to establish working groups. Its first task would be to study the recommendations hammered out by conference "workshops" on five points: an ASEAN clearing union, the financing of ASEAN investment projects, the financing of

agriculture and agro-based industries, an inventory of banking institutions and the development of an information centre.

The object of an ASEAN clearing union would be "to facilitate payments among the ASEAN countries and to enhance trade expansion", according to Dr Tony Tan Keng Yam, chairman of the Association of Banks in Singapore and first chairman of the ASEAN Banking Council.

He will hold the office until June 30 when a representative from Thailand is scheduled to succeed him. Thailand will be the venue of the ASEAN Banking Council conference next year.

The council held its first meeting in Bangkok in December to consider recommendations made at the ASEAN bankers' conference in Singapore last August. The 25 representatives at the meeting, nominated by their respective national bankers' associations, agreed to establish two permanent committees, one on the financing of agriculture and agro-based industries and the other on banking education.

A second meeting of the council will be held in Manila in June, when fur-

ther areas of cooperation will be examined.

"An ASEAN clearing union can foster closer monetary cooperation among the central banks and monetary authorities as well as among the commercial banks in the region", Dr Tan says.

As envisaged by the delegates at the Singapore conference, the clearing union would enable the participating countries to trade with one another in their national currencies and to use special drawing rights or other acceptable currencies for purposes of measurement and settlement.

This would release a good deal of foreign exchange used in the financing of intra-ASEAN trade, which could then be used to finance imports into ASEAN countries.

The project, however, as Dr Tan says, "requires the most careful study and deliberation in order that the proposed clearing union will take into account the special features of intra-ASEAN trade (such as the fact that a large proportion of it is in commodities) and the economies of the member countries".

The strategy for economic development of ASEAN

calls for a significant increase in the manufacturing capacity, efficiency and cost-effectiveness of ASEAN industries. It was with this in mind that bankers agreed that one of the headings for close study should be the financing of ASEAN investment projects and trade expansion.

ASEAN economic ministers have met to work out a scheme for regional specialisation and cooperation on a project-by-project basis. Initially four ASEAN industries, which will qualify for preferential trading arrangements among member nations, have been identified.

These are a urea project to be developed in Indonesia and Malaysia, a phosphates project in the Philippines, a soda ash project in Thailand and a diesel engine project in Singapore.

"ASEAN banks have a vital role to play in marshalling funds from both domestic and foreign sources to finance the production effort", Dr Tan says. "There is tremendous scope for further development of the money and capital markets as well as ancillary activities to support the growth of ASEAN agro-based industry and manufacturing and the trade arising therefrom."

In this, and in the financing of commodity trade, ASEAN banks would have an advantage over foreign banks because of their detailed knowledge of the region, which ASEAN banking cooperation would enhance.

More than half the labour force of the ASEAN nations rely on agriculture for a livelihood. Industrial development, except in Singapore, is largely based on the processing of agricultural products such as rubber, timber, copra and palm oil. Complementary manufacturing industries include food processing and canning and the manufacture of wood, paper and rubber products.

"Financing agriculture, forestry and fishing is a difficult task in all countries and in the developing countries is compounded by the limited adoption of commercial practices", Dr Tan says. Commercial bank loans to agriculture within ASEAN have been small.

It is in this context that the bankers' conference set the development of agriculture as a prime target. The bankers also decided that, with the rapid development of political and economic ties between the ASEAN countries, it was timely for

banks within the block to consider establishing an information centre to serve foreign investors. Moreover, it would help to bring in banking skills from the West.

The conference decided that education must be another priority in that the quality of the region's banking staff is crucial to continued success and prosperity. So far Singapore has taken the lead by setting up an Institute of Banking and Finance to complement the vocational training of bankers and to encourage higher professional standards.

ASEAN will probably follow Singapore's lead in establishing this institute, which promotes educational courses in domestic and international banking as well as in subjects such as corporate finance and leasing. The ASEAN institute could take the form of a banking management training centre at the Asian Institute of Management in Manila.

Among these various proposals, that for the establishment of an ASEAN banking clearing union has excited the greatest attention in the region. It is estimated that a tenth of the \$5,000m of annual intra-ASEAN trade

could be cleared initially through the union.

Dr S. Y. Lee, senior economics lecturer at Singapore University and adviser on monetary affairs to ESCAP, the Asian wing of the United Nations Conference on Trade and Development, says that "with the union there could be closer consultations among central banks and more incentives for trade expansion and liberalization among ASEAN nations".

Even before the ASEAN banking conference, behind the scenes moves had been made to explore the feasibility of an ASEAN clearing union. In February, 1974, a mission of central bank officials from Singapore and other ASEAN countries went to South America to observe the clearing house mechanism there.

This mission presented a study to the committee of ASEAN central banks and a working group was set up to examine it. Doubtless this will be merged with the ASEAN Banking Council's programme.

This will not happen overnight, nor without considerable bargaining and trade-offs, for different nations within ASEAN still have different priorities over where banking effort should be concentrated.

| Top 10 domestic commercial banks in ASEAN countries—Ranking by total assets: | | |
|--|-------------|-----------------------------|
| Bank | Country | Total assets \$million 1974 |
| Bangkok Bk | Thailand | 1,999 |
| Philippine National Bk | Philippines | 1,767 |
| Bk Bumi Daya | Indonesia | 1,383 |
| Oversea-Chinese Bkg Corp | Singapore | 1,009 |
| Bk Rakyat Indonesia | Indonesia | 803 |
| Development Bk of S'pore | Singapore | 790 |
| Krung Thai Bk | Thailand | 783 |
| Malayan Bkg Bhd | Malaysia | 678 |
| Bk Negara Indonesia 1946 | Indonesia | 668 |
| Bk Bumiputra Malaysia Bhd | Malaysia | 664 |

| Top 10 domestic commercial banks in ASEAN countries—Ranking by deposits: | | |
|--|-------------|-------------------------|
| Bank | Country | Deposits \$million 1974 |
| Bangkok Bk | Thailand | 1,418 |
| Bk Bumi Daya | Indonesia | 995 |
| Philippine National Bk | Philippines | 921 |
| Oversea-Chinese Bkg Corp | Singapore | 683 |
| Krung Thai Bk | Thailand | 681 |
| Malayan Bkg Bhd | Malaysia | 544 |
| Bk Negara Indonesia 1946 | Indonesia | 417 |
| Bk Bumiputra Malaysia Bhd | Malaysia | 411 |
| Overseas Union Bk | Singapore | 403 |
| United Overseas Bk | Singapore | 351 |

Source: SGV-Goh Tan Research

Japan's wider role in the East

by David Tharp

Japan's banks are not entirely happy with their financial role in Asia. But recent political and economic trends have caused more optimism lately.

Part of the Japanese frustration about their lagging position is historical. European banks established themselves early in Asia, especially the British. Then came the aggressive American banks.

By the time Japanese banks started their plunge into Asian financing in the early 1970s, they were at the back of the pack. Tight restrictions and conservative policies at the Bank of Japan and the Finance Ministry further aggravated the Japanese competitive position.

The Japanese banks represented in Hongkong and Singapore are often tied in joint ventures with American or European banks. Japanese finance companies engaged in lending have been more active than the banks.

Tokyo bankers complain there are too many limitations in Hongkong against opening additional Japanese bank branches. And while Singapore is rated as the centre of Japan's Asia-dollar operations — "bureaucratic guidelines are severe" there, one Japanese international banking specialist says.

centre of Japanese banking conservatism, followed Mr Lee's request in early March by calling for "more concentrated and effective" loans and credits to help debilitated ASEAN.

In the wake of talks with ASEAN government leaders in mid-March, Mr Minoru Masada, Vice-Minister for International Affairs of the Ministry of International Trade and Industry (MITI), said upon his return to Tokyo that ASEAN regarded Japan's massive investment essential to promoting its industrial development.

ASEAN wants 0.025 per cent of Japan's gross national product allocated to the region's industrial projects. This is about 10 per cent of Japan's official aid.

While the Japanese Government has not officially indicated that it would comply with ASEAN's request for increased financial help, it is not likely that Tokyo can afford to ignore the issue since 25.8 per cent of the combined exports of the five countries come to Japan.

Most of the exports are raw materials badly needed for Japan's industrial consumption.

Mr Takeo Fukuda, the Prime Minister, in effect agreed to accept responsibility for the economic development of South-east Asia during his talks with President Carter in Washington on March 21 and 22.

Mr Fukuda has been invited to visit Malaysia in August at the same time as ASEAN heads of state meet in Kuala Lumpur. The Asian leaders are expected to discuss the prospects for further Japanese investment in the region with Mr Fukuda and Mr Hatoyama, the Foreign Minister.

Sources at foreign exchange banks say there are three reasons for the heightened ASEAN interest in Japan: the communist takeover of Indochina has spurred plans to secure political stability through economic development; the United States withdrawal from Asia has left Japan as the only logical choice as a replacement for investment assistance; and present development plans to increase light industry projects require technical skills and money which can be provided easily by Japan.

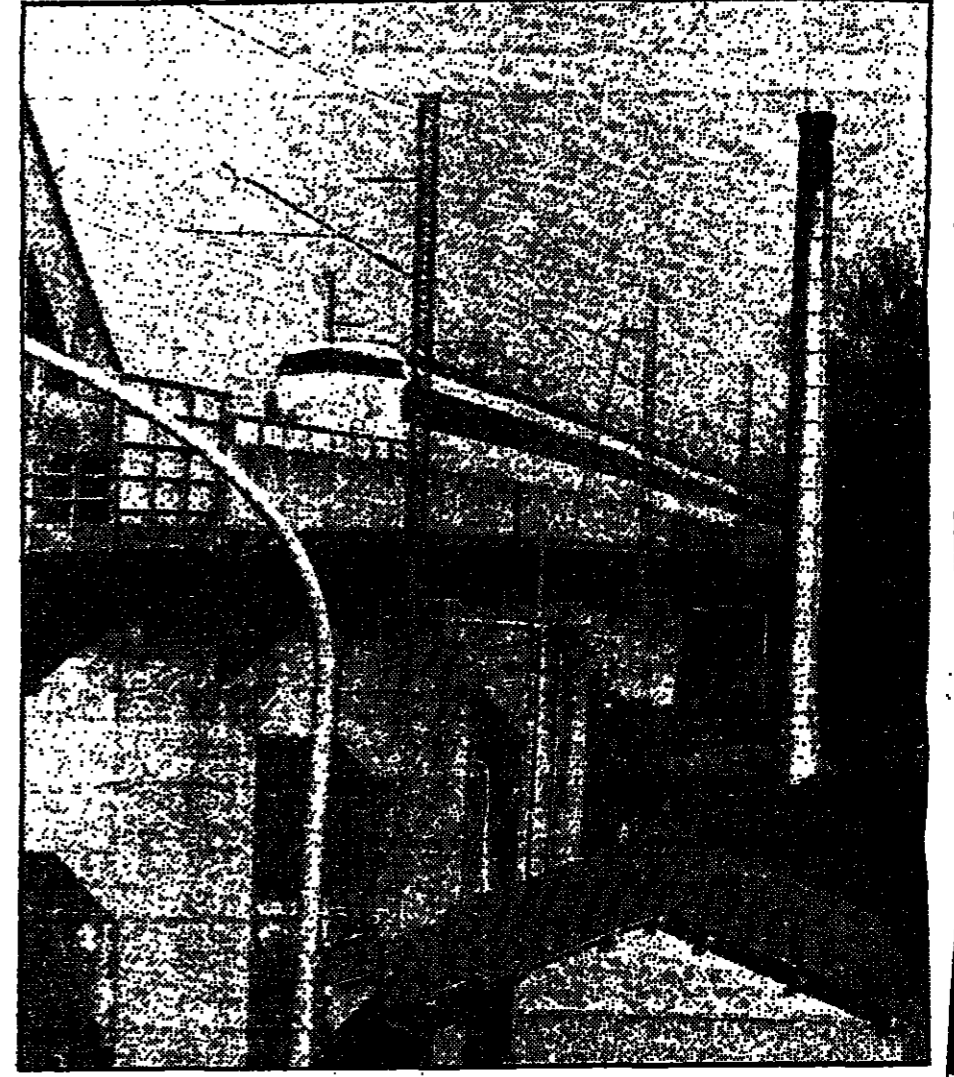
rule not the exception. To show its good faith, however, the Japanese Government increased its 1977 budget for official development aid to \$1,860m, a jump of 15 per cent over the amount allocated since 1974.

"Banking activities are quite political", one well placed source in Tokyo says, "so Japan would not be making these moves without the greater possibility of economic development for itself."

Japanese overseas business activities have traditionally enjoyed the close backing of banks. In most cases a major bank stands behind every large trading firm, thereby locking trade, investment and banking in a more mutually dependent triangle than envisioned in the portfolio of any United States or European bank.

Since political aid and credits are always linked so closely to the interests of Japan's financial circles, the calls by Asian nations for more Japanese participation in their economic affairs have given Tokyo's bankers added confidence recently.

At best they see a chance to overcome the historic edge enjoyed by their European competitors in the region.



The Bullet Train streaks through Nishimagome, south of Tokyo.

Move from pound to the yen

Singapore and Hongkong have been used mainly to raise Eurodollar funds from London for lending activities throughout Asia. Japanese operations in Hongkong usually handle shipbuilding loans and project financing. Although Manila has recently announced itself as an international money market, most Japanese banks are reluctant to jump into the Philippines without fully exploiting the potential still offered by traditional outlets in Hongkong and Singapore.

Despite the general caution of Japanese banks, some experts are predicting big changes in financial relations with Asia.

It is pointed out that sterling's troubles have initiated more switching from pound loans to the yen recently. And the political withdrawal of the United States from Asia has caused more interest in Japan's future role.

In addition last November's decision by Japan's Import-Export Bank (Exim) to lift the two-year ban on syndicated loans is viewed as a positive step towards the internationalization of the yen.

After the 1973 oil crisis, syndicated loans were banned by the Exim Bank. In retrospect this probably saved private banks from over-extending themselves to developing Asian economies hard hit by increased oil bills.

The burden of economic shortages in those developing countries was mainly absorbed by troubled United States banks.

In January, Mr Lee Kuan Yew, Prime Minister of Singapore, and President Ferdinand Marcos of the Philippines urged Japan to grant low interest financing to the Association of South-East Asian Nations. The five members are Singapore, Malaysia, the Philippines, Indonesia and Thailand.

The Bank of Japan,

Clamouring for more investment

As usual Japan is playing on both sides. While ASEAN wants Japanese partnership in development as a hedge against local communist insurgency, Tokyo is also listening closely to requests from Hanoi for Japanese banking participation in Indochinese projects.

Australia and New Zealand are also clamouring for increased Japanese investment. On March 26 a large, high-ranking delegation of Japanese energy experts left for Sydney and Canberra to study financing of vast Australian natural gas, coal and uranium deposits.

Japan's own economic wellbeing is critically linked to South-east Asia. Just 26.5 per cent of Japanese investment or \$42,200m is tied up in South-east Asia. This is the single largest Japanese foreign investment outlay in any region.

On the other hand, Japanese politicians have been known to promise much to Asia but deliver little. Delays in approvals for Asian projects are the



N M ROTHSCHILD & SONS LIMITED

New Court, St. Swithin's Lane, London EC4P 4DU

Telephone: 01-628 4356
Telex: 888031

Members of the London Gold Market

*
SUBSIDIARY COMPANIES

N M ROTHSCHILD & SONS (HONG KONG) LIMITED
Suite 1710/1712, Connaught Centre, Hong Kong
Telephone: 259106
Telex: 74628

NEW COURT MERCHANT BANKERS LIMITED
23rd Floor, UIC Building, Shenton Way, Singapore 1
Telephone: 2209555
Telex: 21884

— BULLION · CORPORATE FINANCE · LOAN SYNDICATION
INVESTMENT MANAGEMENT —


All of these Notes have been sold. This announcement appears as a matter of record only.

NEW ISSUE April, 1977

BD 8,000,000

The Republic of the Philippines

9% Notes due 1984



Kidder, Peabody International Limited

Algemeine Bank Nederland N.V. (Bahrein)

Citicorp International Group

Wardley Middle East Limited

Gulf International Bank (Bahrein)

Alahli Bank of Kuwait (K.S.C.)

Ayala Finance (H.K.) Ltd.

Banque de Paris et des Pays-Bas (Suisse) S.A.

Genossenschaftliche Zentralbank AG (Vienna)

Manufacturers Hanover Limited

Bank Saderat Iran (Bahrein Branch)

Scandinavian Bank Limited (Bahrein)

National Bank of Bahrain

Arab Trust Company—K.S.C. (Kuwait)

Bancom International Limited

The Chartered Bank (Bahrein)


Kuwait International Finance Co., S.A.K. "KIFCO"


Union de Banques Arabes et Europeennes—U.B.A.E. (Bahrein Branch)

Union de Banques Arabes et Francaises—U.B.A.F. (Bahrein Branch)

Whether in LONDON or KUALA LUMPUR

we've all the time in the world to service your banking needs





BANK BUMIPUTRA MALAYSIA BERHAD

(INCORPORATED IN MALAYSIA—HEAD OFFICE—KUALA LUMPUR)

HEAD OFFICE: 21 Jalan Melaka, Kuala Lumpur 01-18, MALAYSIA. Tel. 03-206 655 (10 lines)
LONDON BRANCH: 64 Mark Lane, London E.C3. Tel. 01-488 2721 (4 lines). Telex: 866212
Correspondents in all the principal cities of the world.

SUBSIDIARIES: Bank Pembangunan Malaysia Berhad (Development Bank of Malaysia)
Kewang Bumiputra Berhad (Licensed Borrowing Company)
Bumiputra Merchant Bankers Berhad (Specialist Non-Financial Bumiputra Sendirian Berhad)

Thai Farmers Bank

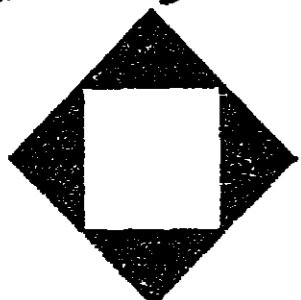
Dedicated to Banking excellence
We have 149 branches in Thailand and
one in The United Kingdom at

3 Lombard Street,
London EC3V 9ED.

THE THAI FARMERS BANK LIMITED
(Incorporated in Thailand)

Head Office: 142 Silom Road, Bangkok,
Thailand.

Business in Pakistan? MCB will answer all your questions



With over 1150 branches we have an effective
organisation to advise you on your investment
needs—trade, industry, export.

And as for your agricultural markets, ours is the
largest network of rural branches in Pakistan.



MCB-EXCELS IN SERVICE

Muslim Commercial Bank Ltd.

Head Office: Al-Jamiah House, 1, I. Chundrigar Road, Karachi, Pakistan.

THE BANK OF NEW YORK

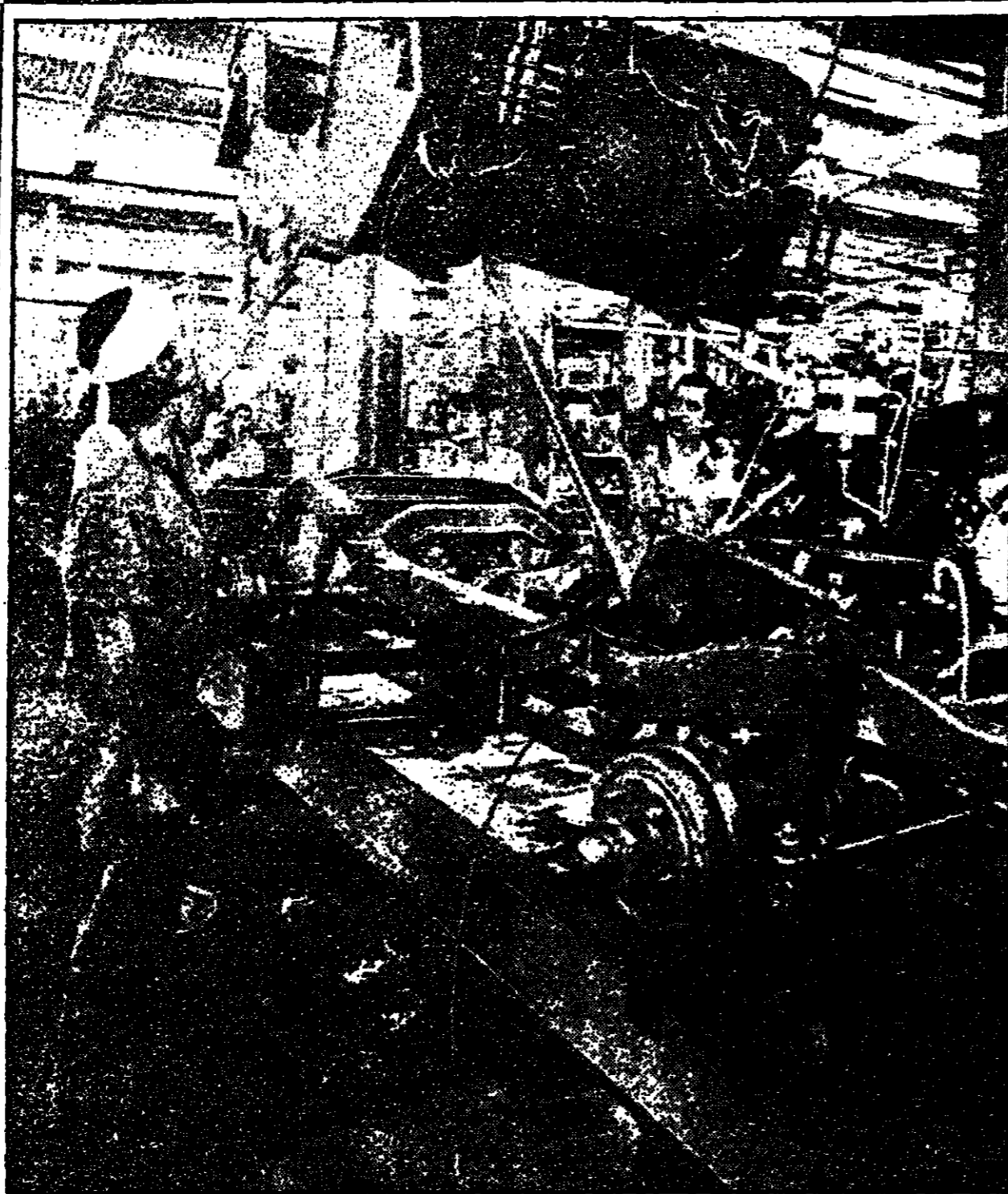
LONDON OFFICE: 137 LEADENHALL STREET, LONDON EC3V 4PL
SINGAPORE OFFICE: 220-24 OCEAN BLDG, COLLIER QUAY, SINGAPORE 1
NEW YORK OFFICE: 60 WALL STREET, NEW YORK, N.Y. 10005
Incorporated with limited liability in the State of New York, U.S.A.

I am Alexander Hamilton.
My bank is The Bank of New York,
which I founded in 1784. Before there
was a United States dollar.
Five years later, my bank made the
first loan to the United States.
My bank has been through eight wars.
And peace. Six major panics, ten

economic depressions, six recessions.
And prosperity.
My bank today has assets of over
\$5 billion and more than 150 offices
in New York and overseas.
Should my bank be your bank?
The Bank of New York.
The bank that manages money.



MY BANK'S BEEN THROUGH A LOT.



India

Abuses under emergency may be corrected

by V. K. Narasimhan

The whirligig of time takes
its revenge in many strange
ways. Mrs Indira Gandhi, as
Prime Minister, withdrew the
Finance Portfolio from Mr
Morarji Desai in July, 1969,
on the ground that he was
not in favour of nationaliza-
tion of banks. Mr Desai's
resignation from the Cabinet
was followed by the national-
ization of 14 large commercial
banks. It was not fully real-
ized at that time that the
nationalization manoeuvre
was likely to have far-reach-
ing economic and political
consequences.

One of the indirect conse-
quences of bank nationaliza-
tion was the complete
subordination of the business

community to the ruling
party. This had undoubted
political consequences, but
these were not openly man-
ifest as long as the normal
democratic processes were in
operation. It was only after
Mrs Gandhi introduced the
emergency in June, 1975,
that the potentialities of the
hold which the ruling party
had over the banking system
became manifest.

The full story of interfer-
ence with the banking system
from extra-constitutional
elements has yet to be told.
The manner in which the
banking department of the
Finance Ministry was taken
out of the control of the
Finance Minister and placed
under the charge of a junior
minister, who threw his
weight about in various
ways, is being revealed now.

There was considerable
surprise when a chairman of
the Life Insurance Corpora-
tion, with no background of
central banking, was ap-
pointed governor of the
Reserve Bank over the head
of the Finance Minister, who
had recommended the
appointment of Mr I. C.
Patel, one of the country's
outstanding economists, who
held a high position in the
United Nations Development
Programme.

There were other examples
of interference with appoint-
ments or removals of chair-
men of the nationalized
banks. The emergency also
provided scope for influenc-
ing the credit policies of
public sector banks in favour
of favourites or against those
who had fallen from grace.
In some cases such abuse of
the banking system amounted
to veritable persecution.

Now that the midnight
rescue of emergency has
ended and Indian democracy
has recovered its soul, the
new Janata-CFD Government
is expected to reverse many
of the policies and practices
of the past two years. The
Government is clearly com-
mitted to democratizing the
banking system and ensur-
ing greater autonomy for the
Reserve Bank in the dis-
charge of its monetary and
banking functions. It is
expected that the banking
department may be abol-
ished.

Although the abuse of
political power, whether in
relation to the banking
system or any other sphere
of public life, is reprehens-
ible, it must be admitted
that the record of the bank-
ing system since July, 1969,
is not wholly negative.

Nationalization was effec-
tively used to give a
stimulus to the growth of
banking in rural and under-
developed areas and to
extend credit to neglected
sectors of the economy such
as agriculture, small indus-
tries and self-employed per-
sons. In the wake of
nationalization there was a
big spurt in the launching
of new branches by the
public sector banks.

Against a total of 8,262
branches for all banks, 6,596
branches were in the public
sector (the State Bank of
India and its subsidiaries).
In June, 1969, there were
by June, 1976, 21,220 branches
of which 16,892 were in the
public sector including the
14 nationalized banks. By
December, 1976, another
1,900 branches had been
added in the public sector.
The rate of growth of
deposits and advances since
nationalization has been
equally impressive (see
accompanying table).

Of the 12,899 new offices
opened between July, 1969,
and June, 1976, 5,777 (45.2
per cent) were in rural areas
and 3,013 (23.6 per cent) in
semi-urban areas.

The public sector banks
stepped up their share of
loans in the priority sectors
from Rs1,10m in June, 1969,
to Rs23,290m in December
1976.

Plans to set up a special
type of regional rural bank

were taken up from October,
1975. By the end of 1976 45
rural banks with more than
500 branches had been set
up. These banks have so far
secured Rs100m through
deposits and have made ad-
vances of an equal amount.
The deposit accounts number
about 250,000 and loans have
been made to 140,000 bor-
rowers. These are not spec-
tacular achievements, but
represent modest progress in
a new area.

Credit policy during the
emergency since June, 1975,
has been one of mild re-
straint aimed at controlling
inflationary trends while
ensuring adequate credit for
all essential purposes. From
the middle of 1976 mildness
has given way to some sever-
ity because of the rise in
prices since April.

The reserves which the
scheduled banks have to
maintain with the Reserve
Bank have been raised in
two stages from 4 per cent
(of their total time and
demand deposits) to 6 per
cent. In January, 1977, a
further tightening was effec-
ted by imposing 10 per
cent of deposit accretions
with the Reserve Bank.

Simultaneously, the de-
mand for credit has been
curtailed by raising by 10
per cent the margin require-
ments for bank advances.
Just before the elections
were announced on January
18, the margin requirements
were relaxed, apparently as
a sop to voters, although the
price situation did not war-
rant it. Mr H. M. Patel,
the new Finance Minister,
has indicated that the new
Government's credit policy
will be flexible.

The Indira Gandhi Govern-
ment in September, 1976,
had set up a commission
under the chairmanship of
Mr Manubhai Shah to sug-
gest proposals for the re-
organization of the public
sector banks. Mr Shah lost
the election in March and
it is doubtful whether the
commission will survive his
defeat. The nationalized
banks have generally done
well and there is no urgent
need to reorganize them
radically.

The immediate need is for
consolidating the gains
already made in terms of
expansion of banking facil-
ities. The too rapid expan-
sion of branches in recent
years has led to shortage
of trained staff in many
branches. Corruption has
crept in and cases of frauds
and embezzlements are on
the increase. During the
emergency, labour relations
in the banks and customer
service had improved but,
with the ending of the emer-
gency and the new climate of
freedom, there may be a
revival of labour trouble and
indiscipline.

Institutionally, however,
India today has a well-
developed banking system
which is capable of mobiliz-
ing the savings of the nation
and channelling them into
all the areas where credit is
needed—industry, agricul-
ture, trade and investment.

The author is editor-in-chief,
Express Newspapers.

| Period | Deposits of all banks | Deposits of public sector banks (Millions rupees) | Advances of all banks | Advances of public sector banks |
|---------------|-----------------------|---|-----------------------|---------------------------------|
| June 1969 | 46,480 | 38,710 | 35,890 | 30,170 |
| June 1976 | 150,560 | 137,090 | 114,640 | 99,130 |
| December 1976 | 171,320 | 144,850 | 129,090 | 111,220 |

Philippines

Braced for more change

by Leo Gonzaga

Private commercial banks in
the Philippines are bracing
themselves for what is gen-
erally expected to be
another compulsory capitaliza-
tion programme barely
one and a half years after a
similar programme forced
mergers among small banks,
absorptions by big banks
and tie-ups with foreign
banks. This time, however,
they should be in a better
position to recapitalize, if
only because of a good year
last year.

Recently, Mr Gregorio S.
Licaros, governor of the
Central Bank of the Philip-
pines, set up a committee to
determine whether the
equity base of the private
commercial banking system
was still adequate in the
light of expanded develop-
ment financing needs and,
if not, to draw up guide-
lines for requiring fresh in-
jections of funds from bank
stockholders.

The committee has been
given one month within
which to complete its
inquiry and make recom-
mendations, amid growing
indications that the current
100m pesos (the average
peso-dollar exchange rate is
14.28 pesos equal \$1)
required minimum capital
accounts per bank will be
raised again.

Many of the big banks
are not against the idea. In
fact, they have been recap-
italizing voluntarily. One of
them has already exceeded
the 300m pesos mark while
at least three are in the
200m pesos or so level. The
small banks are naturally
worried. Two of them are
below the 100m pesos
required minimum, although
they have plans to expand
equity which are acceptable
to the monetary authorities.
It is believed that for some
of the small banks, the only
way to comply with a
higher minimum require-
ment is to merge with one
another, accept foreign par-
ticipation or be absorbed by
big banks.

That is largely what hap-
pened as a result of the
earlier compulsory capitaliza-
tion programme. When
that programme, lasting
three years, was completed
in September 1975, the
number of private domestic
banks was brought down to
25. It used to be more than
30. Twelve foreign banks
had made investments rang-
ing from 12 per cent to 40
per cent in nine local banks.

There were three merg-
ers, each involving two
banks: Associated Banking
Corporation and Citizens
Bank and Trust Company
now Associated Citizens
Bank; Filipinas Bank and
Trust Company and Manu-
facturers Bank and Trust
Company, now Filipinas
Manufacturers Bank; Bank
of Asia and First Insular
Bank of Cebu, now Insular
Bank of Asia and America.
Progressive Commercial
Bank was absorbed by Pac-
ific Banking Corporation;
People's Bank and Trust
Company, by Bank of the
Philippine Islands; Mer-
chant Banking Corporation
and Philippine Bank of
Commerce, by Philippine
Commercial and Industrial
Bank.

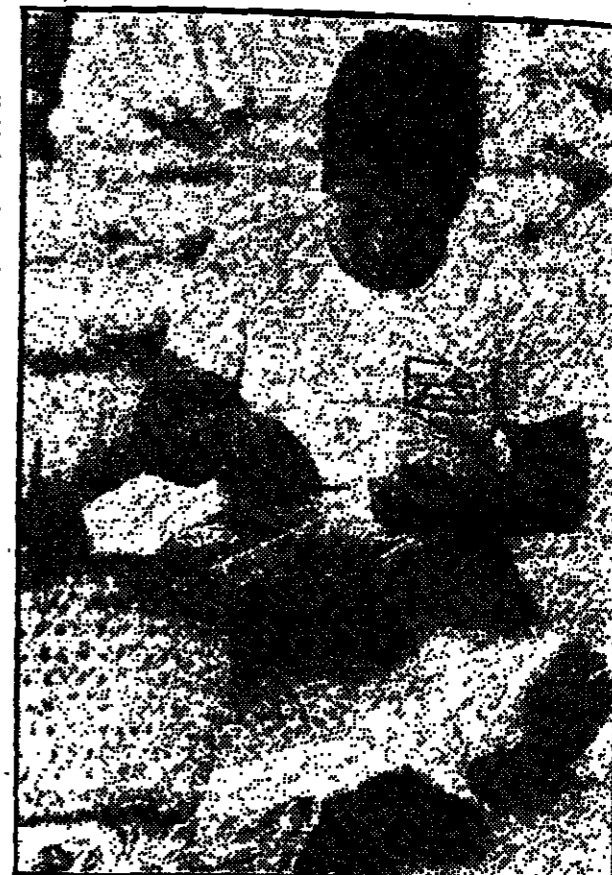
Opened to minority investments

The number of banks was
reduced further when Con-
tinental Bank and Trust
Company was closed by the
monetary authorities in mid-
1974 for "financial and in-
discretion", the second such
case since the closure in the
early 1960s of Overseas
Bank of Manila.

Also under the recapital-
ization programme, the local
banking system was opened
to minority foreign invest-
ments. Six American, three
Japanese, two Canadian and
one British bank or non-
bank financial institutions
made such investments.

Those from the United
States were as follows:
32.95m pesos by Bank of
America in Insular Bank of
Asia and America;
42.09m pesos by Chase
Manhattan Bank in Com-
mercial Bank and Trust
Company; 23.19m pesos
by Chemical International
Finance in Far East Bank
and Trust Company
(FEETC); 32.71m pesos
by Citibank in Feal Bank
and Trust Company;
31.0m pesos by Con-
tinental International
Finance Corporation in Rizal
Commercial Banking Cor-
poration (RCBC); 39.76m pesos by Morgan
Overseas Capital Corpora-
tion in Bank of the Philip-
pine Islands.

The investments from
Japan were: 10.73m
pesos by Dai-ichi Kangyo
Bank and 23.12m pesos
by Mitsubishi Bank in FEETC;
17.64m pesos by Sanwa
Bank in RCBC. Those from
Canada were 26.77m
pesos by Bank of Nova Scot-
ia in Security Bank and
Trust Company, and
37.5m pesos by Royal
Bank in Traders Bank,
which became the Traders



Royal Bank. The lone in-
vestment from the United
States was 30m pesos by
bigger deposits in 1976 as
against bigger borrowings in
1975.

That was later withdrawn.
With the increasing offi-
cial emphasis on fewer but
bigger banks, it now seems
that 25 existing banks are
still too many, while 100m
pesos as minimum capital
accounts is simply too small.
In connection with the
equity base, the dollar value
equivalent is only about
\$14m and that clearly is not
enough competitive muscle,
particularly in the context
of an emerging banking sys-
tem that includes offshore
banking units (OBUs) to be
operated by foreign banks.
OBUs are to be allowed to
borrow offshore and lend
onshore in certain condi-
tions. With the Government
trying to make Manila a
leading world money centre
in this part of the world,
tax incentives being made
available to OBUs are such
that Manila is now consid-
ered more than competi-
tive with Hongkong and
Singapore in so far as off-
shore banking is concerned.

To local banks, it means
only that they will be shar-
ing with foreign banks what
up to now has been an
exclusive market.

More banks to operate OBUs

It was announced last
month that the Central Bank
had authorized 11 foreign
banks to operate OBUs. They
are Chase Manhattan, Manu-
facturers Hanover Trust,
Banque Nationale de Paris,
Bank of Nova Scotia, Banque
d'Indochine et de Suez, Bar-
clays International, United
California, Lloyds Inter-
national, American Express
International Banking Cor-
poration, European Asian,
and Crocker National.

According to Mr Licaros,
at least four more banks are
authorized to operate
OBUs. Two have been iden-
tified. Bank of Tokyo and
Deutsche Bank, and it is
understood that the third is
Japanese and the fourth
American.

The banks approved for
offshore operations here in
May a yearly fee of \$20,000
and maintain a minimum of
\$1m in head office funds as
a capital base.
Thus, whether they like it
or not, with or without com-
pulsion from the Central
Bank, local banks will have
to increase capital, either
on their own or through
pooling of resources. Their
growth performance last
year should be a significant
help. For while the build-up
in assets was somewhat of the
banks.

International Bank of Singapore

All Domestic and International Finance

Fully authorised to conduct all types of banking
including Foreign Exchange, Asian Currency
Unit Deposits and Loans in convertible
currencies and the issue of Singapore Dollar
Negotiable Certificates of Deposit.

IBS INTERNATIONAL BANK OF SINGAPORE LIMITED

Podium 107, 1st Floor, DBS Building
Shenton Way, Singapore 1
Telephone: 2201980 Dealers: 2206488
Cable: "INTBANK" Telex: RS23679

Equal shareholders: Development Bank of Singapore, Overseas-Chinese
Banking Corporation, Overseas Union Bank and United Overseas Bank

Indonesia

Domestic matters now the main concern

by David Jenkins

The winding-up of Bank Indonesia's very successful rescue operation on behalf of Pertamina, the state-owned oil company, and the purge of top management in one of the big government trading banks have been two of the highlights of Indonesian banking over the past year.

For the best part of a year after the Pertamina troubles surfaced early in 1975, the governor of Bank Indonesia, the nation's central bank, was almost fully engaged in negotiations aimed at restructuring the debts of the huge oil conglomerate.

Now, with that operation almost concluded, Bank Indonesia is turning to important domestic matters (for example, domestic credit policy and interest rate policy) that were given less attention than they deserved during the Pertamina rescue.

Bank Indonesia, which won a good deal of admiration abroad for its disciplined and resourceful handling of the affair, has emerged in recent years as probably the strongest central bank the country has ever seen. Although it has not been a number of years for the Government's Central Bank Law of 1968 to take effect fully, Bank Indonesia's regulatory authority over the entire Indonesian banking system is today unchallenged.

Meanwhile, during the year, a state-owned bank, Bank Bumi Daya, faced a massive pile-up of bad debts which led to the resignation of its top management.

The bank, which specializes in credit for farming and forestry, is one of the five state commercial banks which dominate the market for commercial finance, and one of the biggest banking institutions in South-east Asia.

Dr Ali Wardhana, the Minister of Finance, said at the time of the troubles in January that he felt the total of bad debts would not reach Rp 200,000m (\$480m). But even so, this was a very large sum of the bank's \$1,500m outstanding credit.

As a result of those difficulties, Mr R. A. B. Massie, the managing director of the bank, announced his resignation along with the rest of the directors. His successor is Mr Omar Abdulla, who

was managing director of another state-owned commercial bank, the Bank Dagang Negara, which specializes in credits for the mining sector.

Speaking at Mr Omar's installation, the minister said the changeover was made to consolidate the bank's growth. He said that every bank, government or private, always had loans that fell behind in repayments. This did not necessarily mean that the money in question was lost.

The other three state commercial banks are the Bank Negara Indonesia 1946, designed to assist industry; the Bank Rakyat Indonesia, small agricultural holdings; and the Bank Ekspor-Import, exports.

Although the five banks are supposed to limit themselves to their own designated areas, they roam well beyond the limits.

After Bank Indonesia and the five state-owned commercial banks comes a state development bank, Bankindo; two joint venture development banks, the Indonesian Development Finance Company and the Private Development Finance Company of Indonesia; 26 regional development banks; about 50 small domestic private banks; and branches of 11 foreign banks.

Bank Indonesia and the state banks account for almost 9 per cent of total outstanding bank credit; domestic and foreign private banks account for most of the remainder. The nine foreign banks operating in Indonesia are American Express, Agence Bank Nederland, Bank of America, Bank of Tokyo, Chartered, Chase Manhattan, Europaisch Asiatische, Citibank and Hongkong and Shanghai.

Foreign banks operate under two major constraints. They are not permitted to operate outside Jakarta unless they have a Bank Indonesia-approved cooperation agreement with a state or private bank, and they may only maintain one branch office in the city.

Business seems to have been good for the foreign banks over the past year, although a number of managers report a decline in activity because of the forthcoming general elections.

Many businessmen, they say, are adopting a wait-and-see attitude and not going ahead with expansion plans until



the election results are posted.

A total of 34 other foreign banks maintain representative offices in Jakarta and dozens more keep an eye on the Indonesian banking scene from regional headquarters in Singapore or Hongkong.

Many other foreign banks have a stake in Indonesia through their participation in one of the nine joint venture merchant banks which have been established in the country in the past four years. Under Indonesian law,

these banks are always described as "non-banking financial institutions". Some of them have as many as half a dozen foreign shareholder banks.

Under local regulations, NBFIs are required to maintain a ratio of 60 per cent of their money in medium-term financing (one to five years) and no more than 40 per cent in short-term loans (less than a year).

The Bank Indonesia, which has full control over these institutions, began calling

some of the NBFIs into line late last year when they were placing everything on the lucrative short-term money market.

The Government is keen to reduce the number of small private banks from 90 to not more than two dozen, but results have been disappointing. Only a handful of the banks are of any real significance.

The author is Jakarta correspondent, Far Eastern Economic Review.

Malaysia

Foreigners' vital role in economic policy

by Anthony Rowley

The structure of Malaysian banking increasingly reflects the federation's desire to shape its own economic destiny and to mobilize capital through special institutions in order to promote development.

All Malaysian incorporated banks now have majority participation by Malaysians in their equity capital and foreign banks—merchant banks—are urged under operational guidelines to "reflect the racial composition of the country in their capital structure, staffing and management".

Foreign banks are still welcomed in Malaysia although expected to observe the guidelines. Their skill is recognized as being essential to help to promote what is known as the Malaysian Government's New Economic Policy.

This policy has two main aims. The first is to reduce poverty and eradicate it by raising income levels and by increasing employment opportunities for all Malaysians, irrespective of race.

The second is to accelerate the process of restructuring Malaysia in order to correct economic imbalances, thereby reducing and eventually eliminating the identification of race with economic function.

The Government recognizes that these objectives can best be achieved through expansion of the economy. That is why encouragement is being given to development of the financial sector, particularly banking.

There are already signs of this policy achieving success. Malaysia's growth in gross national product last year was nearly 8 per cent, a respectable rate by comparison with other countries. The country's balance of payments and international reserves remain strong.

As far as the structure of Malaysian banking is concerned, the commercial banks are by far the most important group of financial institutions in terms of deposits and the amounts of credit extended.

The composition of these banks outlined in a paper given by Encik Malek Ali Metican, who is deputy managing director of Aseambankers, one of the leading merchant banks in Kuala Lumpur.

He noted that of the 35 commercial banks operating in Malaysia, 17 are domestic and 18 foreign. While domestic banks accounted for only 30 per cent of total deposits in 1966, their deposits now represent nearly 50 per cent of total deposits with such banks. The number of their branches within Malaysia increased from 302 at the end of 1966 to 386 by 1975, and is probably now about 400.

The deposits continue to increase

Although foreign banks operating in Malaysia have not been able to increase the number of their branch offices, which remains at 19, deposits held with them continue to increase. By early 1975 they still accounted for slightly more than half the total deposits with commercial banks.

Among the Malaysian incorporated banks, Malayan Banking is maintaining its position as the largest. It has apparently overtaken the Chartered Bank in terms of the amount of loans extended in Malaysia although the Chartered is still the biggest, measured by Malaysian deposits placed with banks.

The Bank Bumiputra now occupies third place, having overtaken the Hongkong-based Hongkong Banking Corporation in terms of Hongkong and Shanghai's Malaysian business. The United Malayan Banking Corporation, which is the third largest Malaysian-incorporated bank, has edged past the Overseas Chinese Banking Corporation in terms of loans extended although not in terms of deposits secured in Malaysia.

All Malaysian incorporated banks, where they are not actually owned by Malaysians, have majority participation by Malaysians in their equity capital.

The shares of the Bank Bumiputra are being sold by the Government to bumiputras (indigenous) institutions and individuals. A special bank formed to take



over the assets of the formerly Pakistani Habib Bank will have an ethnic bumiputra majority.

It was hoped that some of the small Malaysian banks would merge into stronger institutions—in the same way, perhaps, that three Indonesian banks merged in 1971 to form Pan Indonesia Bank—but this has not happened.

One of the most obvious developments in Malaysian banking during the past two or three years has been the growth of merchant banks, which bring together a number of Malaysian and foreign institutions into joint ventures.

The operational guidelines laid down by the Central Bank for such institutions say: "The objective of permitting merchant banks to operate in Malaysia is to complement and supplement the activities and services already offered by existing financial institutions."

"Merchant banks should, therefore, function primarily as a financial intermediary in the short-term money market and the capital market in order to provide services in all aspects of corporate financing, financial investment and management advice, investment portfolio management and such services as are not provided by

other existing financial institutions."

These merchant banks are encouraged to reflect the racial composition of the country in their capital structure, management and staffing and this is understood to require a minimum participation of 51 per cent by Malaysian shareholders. Thus all Malaysian merchant banks now have Malaysian participation ranging from 51 to 70 per cent of their paid-up capital.

Where banks are deemed bumiputra merchant banks, by virtue of having a bumiputra majority among their shareholders, they are able to underwrite a special proportion of share issues by commercial companies allocated for subscription by bumiputras only. Otherwise merchant banks have to secure the services of bumiputra underwriters for this purpose.

There are about a dozen approved merchant banks in Malaysia and the authorities are watching the progress of these before approving more such banks. Encik Malek's paper stated that there were 42 shareholders in 10 of the approved merchant banks. Of the 15 Malaysian shareholders among these, five were Malaysian commercial banks, eight were other types of

Malaysian financial institutions and two were Malaysian individuals.

Of the 27 foreign shareholders nine were from Britain, eight from Japan, four from the United States, two from Hongkong and one each from France, Switzerland, Germany and Australia. The other merchant bank is a wholly-owned subsidiary of a holding company in which a group of five Malaysian individuals and a Philippines institution have interests.

In addition to commercial banks and merchant banks there are also six money and foreign exchange brokers and three discount houses in Malaysia. All have majority equity participation by Malaysians.

There are also statutory institutions such as the National Savings Bank, the Agricultural Bank and the Bumiputra Development Bank, as well as the Employees' Provident Fund and other major institutions, for gathering and channelling savings into investment. The Central Bank has been offering specific encouragement to commercial banks to lend more to bumiputras and to small businesses and has been trying to secure a greater degree of professionalism in banking generally.

One of a Kind

We at Fuji bank are proud of a 96 year heritage. In all this time, we've grown to be one of the world's largest banks.

Today, we have offices in major financial capitals around the world. Our talented, multi-lingual staff provides our customers with the finest service and up-to-the-minute financial information gathered by our worldwide organization.

As a Fuji Bank customer, you'll find we're always anxious to provide you with sound financial advice. Because we realized a long time ago that our success depends on your success.

FUJI BANK
Tokyo, Japan

Overseas Offices: New York - Chicago - Los Angeles - Toronto - Sao Paulo - London - Paris - Düsseldorf - Beirut - Tehran - Seoul - Singapore - Jakarta - Hong Kong - Sydney -
Subsidiaries: Zurich - New York -
Associates & Affiliates: London - Zurich - Luxembourg - Sao Paulo - Hong Kong - Singapore - Kuala Lumpur - Bangkok - Jakarta - Melbourne - Port Vila -

Lloyds Bank Group in the Pacific Basin.

Lloyds Bank International, the International Bank in the Lloyds Bank Group, is established in: Australia, Hong Kong, Malaysia, The Philippines, Singapore and Tokyo.

For information on doing business in this area please contact our Far East Division in London or our local offices.

Australia and New Zealand Representative Office and Lloyds International Ltd., Macquarie House, 8th Floor, 167 Macquarie Street, Sydney, N.S.W. 2000. Telephone: 221-3799.

Hong Kong Representative Office and LBI Finance (Hong Kong) Limited, 2506 Connaught Centre, Hong Kong. Telephone: 5-245131.

Malaysia Representative Office: Wisma MPI, Jalan Raja Chulan, Kuala Lumpur 05-10, Malaysia. Telephone: 209812.

Philippines Representative Office, 6813 Ayala Avenue, Makati, Rizal, Philippines. Telephone: 86-51-77.

Singapore Branch, 14th Floor, Shing Kwan House, 4 Shenton Way, Singapore 1. Telephone: 2203222.

Tokyo Branch, 10th Floor, Yurakucho Denki Building, 7-1, 1-chome, Yurakucho, Chiyoda-ku, Tokyo. Telephone: 214-6771.



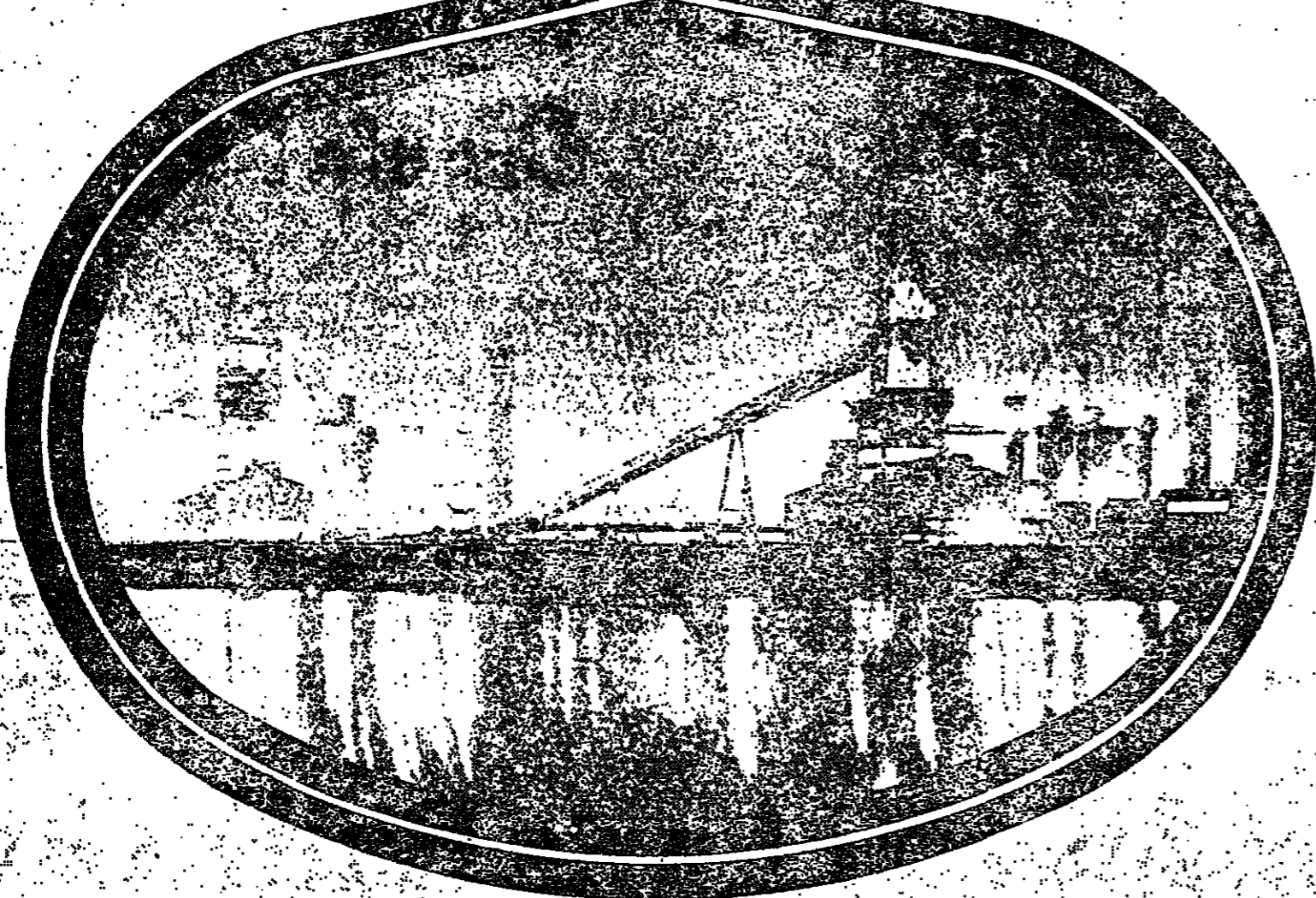
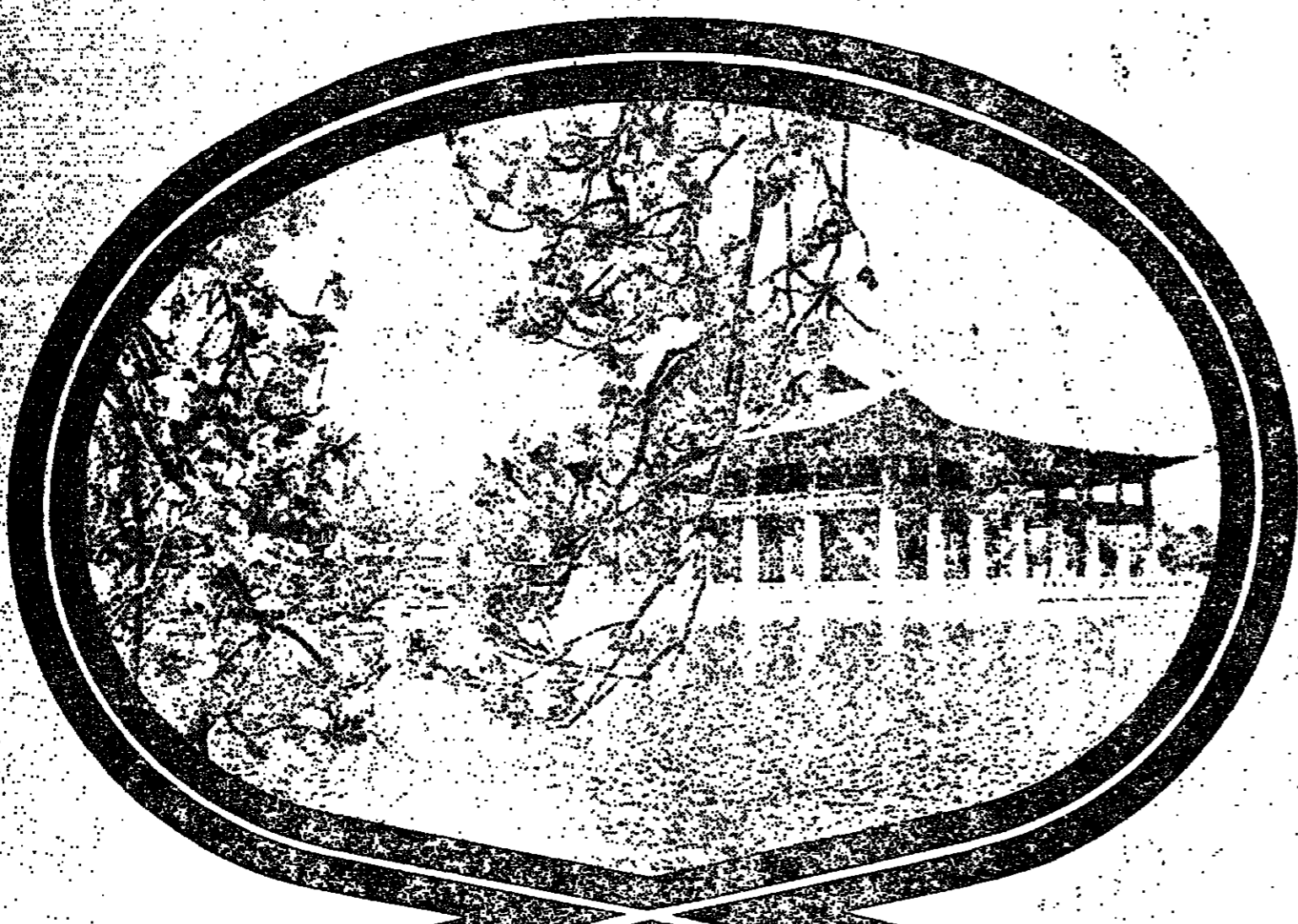
LLOYDS BANK INTERNATIONAL

40/66 Queen Victoria St., London EC4P 4EL. Tel: 01-248 9822
A member of the Lloyds Bank Group

Fellow subsidiaries of the Lloyds Bank Group: Lloyds Bank California, The National Bank of New Zealand.

LBI, the Bank of London & South America and their subsidiaries have offices in: Argentina, Australia, Bahamas, Bahrain, Belgium, Brazil, Canada, Cayman Islands, Chile, Colombia, Costa Rica, Ecuador, Egypt, El Salvador, France, Federal Republic of Germany, Guatemala, Guernsey, Honduras, Hong Kong, Iran, Japan, Jersey, Malaysia, Mexico, Monaco, Netherlands, Nicaragua, Panama, Paraguay, Peru, Philippines, Portugal, Singapore, Spain, Switzerland, United Arab Emirates, United Kingdom, U.S.A., U.S.S.R., Uruguay, Venezuela.

A Salute to ADB




from Korea's Big Eight in Banking





Burgeoning business. Energetic economic programs. Confidence-inspiring activity in commerce and industry. This in a nutshell is KOREA, both at present and in prospect.

From it you can expect — and get — the kind of rational, helpful banking coordination that leads to a more rewarding role in a wide-open,

outward-reaching commercial system.

The Big Eight in Korean Banking have a major hand in clearing the way for business opportunity and economic development projects. Our 'secret' is efficient services keyed to a success-encouraging financial framework.

-  KOREA EXCHANGE BANK
-  THE CHO-HEUNG BANK, LTD.
-  KOREA FIRST BANK
-  BANK OF SEOUL AND TRUST COMPANY

-  THE KOREA DEVELOPMENT BANK
-  THE COMMERCIAL BANK OF KOREA, LTD.
-  THE HANIL BANK, LTD.
-  THE BANK OF PUSAN, LTD.

KOREA ASSOCIATED FINANCE LTD. (HONG KONG)

Port Talbot strikers discuss moves today

By Peter H. Ten members of the British Steel Corporation were last night drawn up further plans to alleviate disruption to production caused by the strike by electricians which has brought the Port Talbot plant to a standstill. Mr Wyn Bevan, the strike leader, said yesterday, as strikers entered its fourth day, "It's going to go on for a little time".

Mr Bevan, convenor for the 560 electricians who are on strike in protest of demands over pay differentials, said: "With the support we are getting from around the country we can keep it going. We are seeking aid and financial support from all quarters. The dispute has already cost 6,700 other workers the plant being made idle and today the strikers will discuss their next moves at mass meeting."

The union is anxious to prevent the BSC importing supplies of steel from European producers in order to keep open two shift works which normally draw their supplies from Port Talbot. So far BSC has imported 3,000 tonnes of steel. If the strike continues it will be forced to place further orders.

Leyland's £60m bus link opposed

By Clifford Webb. Leyland Truck and Bus Company has run into trouble with its plans to join forces with London Transport, regional passenger transport executives and the National Bus Company to form a £60m company to manufacture a new double-deck bus.

Five of the country's seven PTEs including the West Midlands, one of the biggest, are expected to reject the proposal. Instead they are considering joint action to form their own purchasing consortium.

Sir Stanley Yapp, leader of the West Midlands County Council, said in Birmingham yesterday that support for Leyland seemed to be centred on London Transport, Manchester PTE, and the NBC.

He said Leyland appeared to be trying to return to their old monopoly position as a supplier of double-deckers by locking the PTEs into a company committed to its new B15 bus. But this vehicle was still in the prototype stage and required an estimated 21 months of further development work.

The West Midlands had already suffered from Leyland monopoly and would like to see competition established.

W German site likely for ICI development

By Our Industrial Correspondent

Decisions are expected to be taken shortly by ICI on a new site for petrochemical development in Europe—with Wilhelmshaven in West Germany now strongly favoured.

ICI has been considering a number of sites in Europe for some time and according to the weekly chemical industry journal, *European Chemical News*, has now narrowed the list to Wilhelmshaven and Dunkirk with indications that the German location will be selected. Local authorities are to discuss the project next month and, according to the journal, land acquisition could begin after an ICI board decision in July.

Reportedly the discussions over the Wilhelmshaven site involved some 350 hectares north of a recently completed oil refinery operated by Mobil. There is speculation that total spending on the new site could amount to \$1,000m (nearly £600m). The Lower Saxony Government is now putting the final touches to a finance package aimed at ensuring the ICI opts for the site, the journal says.

Sir Rowland Wright, the ICI chairman, addressing the company's annual meeting in London yesterday reaffirmed the group's concern over the proposals for worker participation contained in the Bullock Committee report.

He noted that the company had taken the first steps towards involvement of employees as far back as 1929 and the systems had been considerably improved over the years.

The existing systems worked well, he said, because they had been able to grow in their own way and for the future they should be allowed to develop at a pace which would ensure that they were practicable, acceptable and effective. This was just what the Bullock proposals, if implemented, would not allow, Sir Rowland said.

Sir Rowland told the meeting that demand for its products to date showed a slight improvement on the same period last year. In 1976, ICI reported record profits, exports and investment programme. Pre-tax profit jumped nearly 70 per cent to £540m.

Some sign of further recovery in the world economy was seen last year.

A viable European steel industry

From Cmr J. A. Hamer

Sir, I agree with most of what Hugh Corbet has written (April 12) in answer to your third leader on April 6.

I would point out, however, that the only restraint at present proposed by the Commission is on reinforcement bars in which product the price situation is chaotic. Rebars are the raw material of the concrete user, not the steel user, and as one of the latter I can hardly deplore action which might offer us an advantage over our traditional competitor.

Nevertheless, when the Commission talk of controlling their minimum prices by import licensing, be they automatic or not, then they must envisage an efficient pricing system. I do not think they have the capability to impose this and if they had I would still object to it. Like Mr Corbet I cannot see how they can prevent this having an impact on the whole European economy.

We, the steel users, have a larger work force and investment than the steel producers; in fact it can be said that we also sell steel—steel with value added—and any constraint on "raw steel" be it price or delivery, must have an effect on our "value added steel" and lead to our becoming uncompetitive or to our competitors imposing constraints upon our products.

I believe the only realistic way to achieve a viable European steel industry, which the steel users want as much as anyone, is for the Commission to concentrate on restructuring the industry so that it can offer its products at the price, delivery, and quality which the market will bear. The provisions of the Treaty of Paris offer the opportunity for it to do this by encouraging investment, providing quick and timely statistics and assisting displaced personnel. The Commission should limit their intervention to that.

Far from being disavowed, the BSC, I believe such a policy could prove the value of the long-term investment plan on which they have worked for many years.

Yours faithfully,
JOHN HAMER,
Director, Process Plant Association,
197 Knightsbridge,
London SW7 1RS, and
member of ECSC Consultative Committee,
April 12.

Liverpool need for free port

From Mr Cyril Carr

Sir, One thing upon which I agree with your correspondent, Mr Mlyd Harrington, Deputy Leader on the GLC (*The Times*, March 22, 1977) is that we can "afford ideas". He then refers to the creation of a free port area in London's dockland. Mr Harrington will be interested to know that upon Liberal proposition, the Liverpool City Council has already applied to the Treasury for support for the creation of a free port and trading area at the Port of Liverpool and has the backing of most Merseyside MPs of all parties. Unfortunately, for reasons of doubtful bureaucratic validity, the Treasury has turned the idea down, although free ports have worked extremely successfully in the rest of the EEC for many years.

Liverpool is situated at the end of the M62 land bridge from and to Hull and would prove the ideal "entrepot" port of entry and exit to the Americas for the EEC. It would also help with Merseyside's unemployment problem, which unfortunately is far more serious than that of London, although no one would wish to minimise unemployment anywhere.

May I suggest therefore that the GLC and the MPs for the London area join with the Merseyside MPs and the Liverpool City Council and the Liberal Parliamentary Party in bringing pressure to bear upon Her Majesty's Government to accept the principle of the free port and to make application for such status to the EEC in the first instance for the Port of Liverpool and possibly if that should prove itself, for the Port of London subsequently.

I am convinced that only a dynamic of this kind can restore prosperity to Merseyside and, indeed, the whole of the North West. The link with Hull would introduce employment prospects on a major scale along the length of the East-West trading axis which would thereby be created, to the benefit of Yorkshire and the North East as well.

Meanwhile, I am asking the National Enterprise Board to consider the proposition which would involve a mere fraction of the millions wasted recently upon costly and non-viable schemes.

Yours sincerely,
CYRIL CARR,
Vice-President, Merseyside Liberal Party,
Yew Tree House,
Yew Tree Road,
Liverpool, 18.

£2.51 agreed cash bid for Tremletts

An agreed takeover worth £2.5m is being made for Tremletts Holdings, engineers and future makers, whose shares were suspended in 1973 at 162p.

The £1.7m worth 60a share, comes from Vokeworth Securities, a private United Kingdom company which is indirectly controlled by F. L. Smith of Denmark. The takeover goes through the shareholding of Vokeworth will be rearranged to reflect consortium ownership by Sidco, Burnmaster and Vain, other Danish company, and Capital Development S.A.

Samuel Minton and its clients who together control 14.4 per cent of the equity, and competes in the Slater Walker Securities group who hold a further 25.37 per cent of the shares, have agreed to accept the offer.

In 1975 Tremletts had a capital reconstruction as an alternative to liquidation and subsequently began selling off some of its companies. In the year to the end of March, 1976, the group turned round from a loss of £1.6m to a profit of £1.28m and in the half-year to the end of last September made a pre-tax profit of £754,000.

Italy promises IMF not to curb imports

From John Earle

Rome, April 15. Italy's Government pledges not to impose new or intensified restrictions on imports or on transactions financing international trade in its letter of intent to the International Monetary Fund published here today.

The letter backs up its request for a standby credit of 450 million special drawing rights (about £523m) on which negotiations were recently concluded after opening in January last year.

The letter, signed by Signor Gaetano Stambati, the Treasury Minister, says the Government will not introduce multiple exchange rates. Foreign

exchange controls to limit the outflow of capital will, however, be severely applied and if necessary extended.

It adds that interventions on foreign exchange markets have been made only to attenuate disruptive short-term fluctuations in the exchange rate of the lira.

The letter outlines the measures the Government has taken to curb public spending and to limit inflation and labour costs.

It reiterates that total domestic credit should not expand beyond 30,000,000m lire (£20,000m), both for the 12 months ending March 31, 1978, and for the year January-December 1978.

Publication of the letter,

with the implication of international solidarity for the lira, comes at an important moment psychologically, for tomorrow the 90-day deposit on imports will be finally lifted. Imposed last May at 50 per cent, it has been dismantled by stages, and today was still applicable at 10 per cent. A surcharge on purchases of foreign currency, imposed last autumn at 7 per cent, has also been progressively abolished this year.

Once the IMF credit has been obtained—it is to be made available in stages—the Italians hope the way will be open for a European Community credit of about \$500m to make good \$487m reimbursed to Britain last December.

US unions call for curbs on textile imports

American trade union leaders are pressing the Carter Administration to alter its attitude towards the future of the Gatt Multi-Fibre Arrangement (MFA). A new round of talks on the future of the agreement will open in Geneva next week, with Britain and France both pressing strongly for much tougher provisions against disruptive imports.

In the preliminary negotiations, the United States, supported by Japan, has indicated its support for an extension of the present MFA without major modifications. But in the past few weeks there has been growing concern among textile and clothing trade union leaders over the increased penetration of the American market by imports.

85 to lose jobs at shoe factory

George Webb (Leicester Shoes), a subsidiary of Ward White Group, one of Britain's main footwear manufacturers, is to stop production in June. Notice will be given to 85 workers at its Leicester factory. Also threatened are more than 130 jobs at the Leicester factory at Woodlinton and Wilson, specialists in traditional leather footwear. A creditors' meeting is fixed for April 22.

Signor Cefis to stand down

From Our Own Correspondent

Rome, April 14. Signor Eugenio Cefis, chairman of Montedison, Italy's biggest chemical and fibres group since 1971, today said he would not seek reelection at the annual shareholders' meeting in Milan on Monday. However, he agreed to remain as chairman for the time being.

Signor Cefis has not succeeded in pulling the group out of the crisis affecting it in recent years. Group losses amounted in 1976 to 172,000m lire (about £109m).

Shell chief's energy plea

Urgent action to encourage energy conservation policies to avert further crises was called for yesterday by Mr Michael Pocock, chairman of "Shell" Transport and Trading.

Governments, he said, should do much more with rational pricing policies and sensible building regulations particularly while also creating favourable conditions for the costly business of developing new or alternative energy supplies.

Writing in the company's latest annual report and

accounts, he said that it needed to be more widely recognized that the slower growth in oil and gas demand now envisaged could still outstrip availability in the foreseeable future.

Dealing with the development of oil and gas reserves, Mr Pocock said North Sea costs had been pushed up by the fall of sterling and by inflation. By the end of 1980, the Shell/Baso partnership in the British sector of the North Sea would have spent more than £4,500m on development.

Financial Editor, page 17

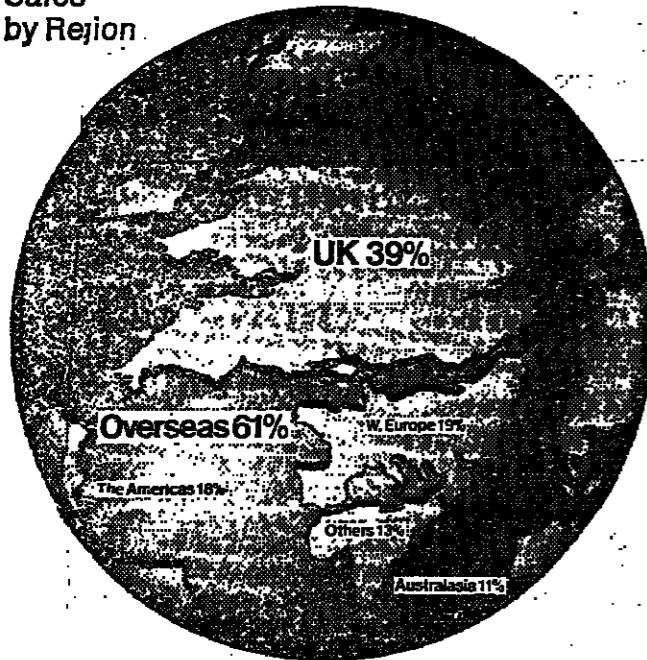
EXPORTS THE KEY TO A RECORD YEAR

Highlights from a review of ICI's performance in 1976, and prospects for 1977, given at the company's annual meeting in London on 14th April, by the Chairman, Sir Rowland Wright.



"At a time when the United Kingdom economy has been notably lacking in vigour, it is a pleasure to be able to report ICI's record profits, record exports and record investment programme in 1976, the Company's jubilee year. Group profit before tax increased by nearly 70% to £540 million."

Sales by Region



"It was the strength of our export business that enabled us to swim against the tide; giving us not only volume demand but also realisations unrestricted by price controls. The volume of exports increased by 21% and the value by over 40%; after allowing for our direct imports, we were able to make a positive contribution to the UK balance of payments of some £500 million. 1976 proved once again the value of diversity in both products and markets."

Impact of inflation

"Preliminary estimates, on a current cost accounting basis, show that our pre-tax profit of £540 million would be almost 50% less, and our return on assets would come down from nearly 20% to something like 6%. That was considerably higher than the return achieved in 1975 on the same basis, but I do not believe it is high enough if we are to continue to preserve our security by growth and expansion."

Investment programme

"We calculate that our investment in the United Kingdom, where well over half the money was spent, provides close on 40,000 jobs outside ICI in the design, equipment and construction industries, as well as jobs in the downstream industries that use our products. The presence of successful industry benefits local communities, too."

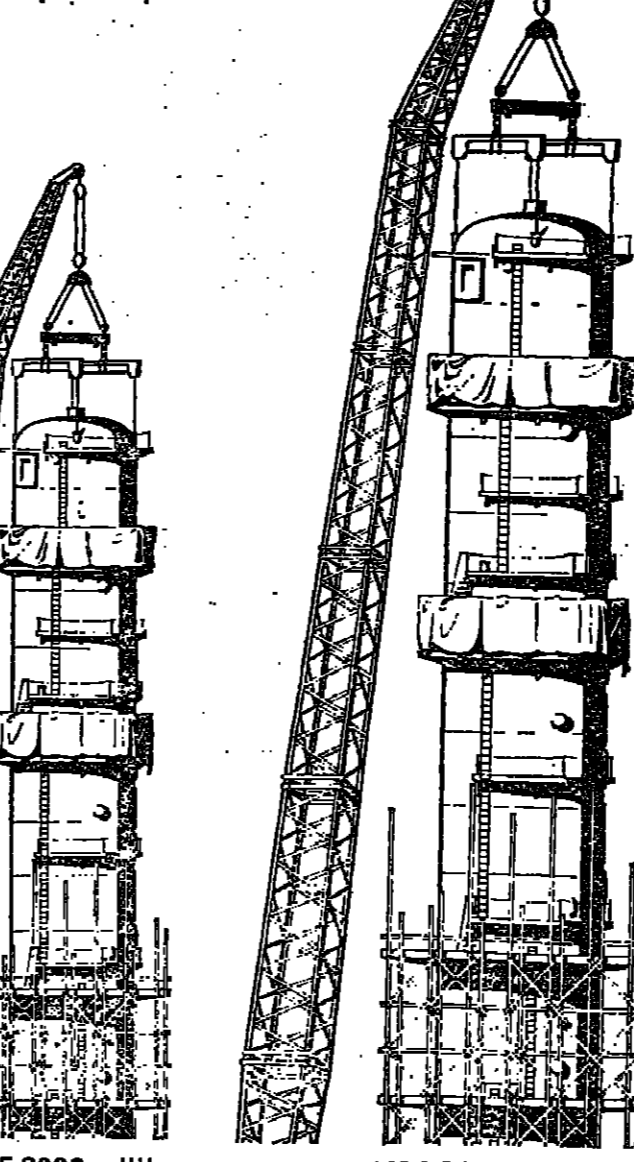
"We have announced for 1977 the largest capital programme in ICI's history, costing over £700 million. More than half of this will be for the United Kingdom, where there will be an increase of 40% in value, and 25% in terms of plant bought, over the 1976 sanctioning programme."

"Our profits in 1976, together with our strong financial position at the end of the year, were important factors in these plans. Despite the heavy outlay in fixed capital, working capital and new investments during 1976, we finished the year with net liquid resources £270 million higher than at the beginning—a firm base for our future capital programme."

Employee involvement

"In building new plants and entering new markets, we need to be assured that there is a sense of common purpose among all who work for ICI. Throughout our history, our personnel policies have been shaped round the belief that this will only be achieved through openness in communication with our employees, involving them, at all levels, in decisions which affect their working lives."

Capital expenditure



People

"The results we achieved in 1976 are a great credit to all who work in ICI throughout the world—those who make and sell our products, those who develop new products, those who design and build our plants, and many others."

Prospects for 1977

"We are now well into 1977 and you will want to know something about the prospects for the year."

"Results for the first quarter are not due to be announced for another six weeks, but I can tell you that the demand for our products so far this year has shown a slight improvement over the last quarter of 1976. Moreover, we see some signs of further recovery in the world economy during the year, led by the United States. Growth of activity in the United Kingdom appears likely to lag behind that elsewhere, but there is a reasonable prospect that our sales volume overseas, and to a lesser extent also in the United Kingdom, will move up in the second half of the year. But it must again be on the export market that our success and that of many of our important home customers will primarily depend. The maintenance of this export drive depends again on a successful next phase of the incomes policy, leading to a reduction in inflation."



1926
1976

50 years
of ideas
in action

Trade Indemnity

Points from Mr. K. M. Bevins' Statement to Shareholders

Results and Dividend

The Accounts for the year ended 31st December 1976 show that the 1974 Underwriting Account, which was closed on that date, produced an underwriting profit of £325,557, which in view of the economic difficulties which persisted throughout much of its three-year term is very satisfactory. After adding investment income of £12,170 and charging tax of £1,046,000, the net profit for the year is £1,051,727. A final dividend of 4.7693p per share is recommended which, with the interim dividend, is the maximum for the year permitted by Government legislation.

Underwriting Accounts

Premiums written on the 1975 Account continued to be well ahead of 1974 Account at the same stage, whilst premiums written on the 1976 Account in its first year showed an increase on 1975 Account. Claims remained at a relatively high level on both the 1975 and 1976 accounts.

In 1976 premiums written on all Accounts were £14,791,665 (1975 - £12,949,647) to which Australia contributed £1,414,146.

General

As in previous years, economic developments at home and abroad were fully reflected in our own experience. The general stagnation in business activity led to a fall in the volume of turnover insured under many of our policies. This was, however, more than offset by higher prices, particularly in those trades having a large import content. Overall, the value of transactions insured by the Company in London and Melbourne increased by 18 per cent to £7,687 million.

As expected, business failures in 1976 continued at a high level and altogether we were involved in 2,349 failures compared with 2,328 in 1975. On the debt collection side of our activities, with corporate liquidity

remaining high the number of cases involved fell from 8,352 to 6,896. Nevertheless, because the individual amounts rose, the total notified, at approximately £6 million, was about the same as last year.

The present state of corporate liquidity is closely linked to the depressed level of business activity over the last two years, and in particular to the fact that stocks have been kept at exceptionally low levels. For many companies, any economic revival must bring sharply into focus the question of their ability to finance it, especially at current low levels of profitability. Any upturn in the economy will bring pressures on company liquidity as stocks and other items have to be replenished. It is perhaps not surprising that some of the more spectacular business failures in the past have occurred during the early stages of economic recovery. There is clear evidence of this to be found in our own experience, notably in 1971 and in more recent events in Europe.

Conclusion

It seems likely that claims and collections will remain at high levels in 1977. At the same time, with the rising cost of commodities and raw materials working its way through the economic system, higher output prices are likely to boost our insured turnover and hence premium income, with increased production giving an additional fillip later in the year. I therefore anticipate that our U.K. business in 1977 will make a greater contribution to our overall income than it did in 1976 and that earnings from Australia and inwards reinsurances will continue to grow.



Trade Indemnity Company Limited.

Underwriters of credit insurance since 1918

Copies of the Report and Accounts for 1976 are available from The Secretary, Trade Indemnity House, 12-34 Great Eastern Street, London EC3A 3AN

Branch Offices: Birmingham · Bradford · Bristol · Glasgow · Leicester · Manchester · Newcastle upon Tyne · Reading · Sutton and at Melbourne and Sydney



Amalgamated Metal Corporation Limited

Extracts from the Directors' Report for the Year ended 31st December 1976

Overall the results of the Group for the year were satisfactory in spite of the fact that the upswing in industrial activity which at this time last year we foresaw occurring in the second half of 1976 failed to materialise.

Our physical trading division operates on a world wide basis and covers a wide spectrum of metals and minerals notably aluminium, copper and tin. Business in industrial minerals is being expanded and we are constantly on the look out for opportunities to further our trading activities by assisting with the development or expansion of production facilities.

The Directors recommend payment on 31st May 1977 of a final ordinary dividend of 9.157p per share making a total for the year of 14.157p. This is

a 10% increase on the dividends paid in respect of 1975, the maximum increase permissible at this time.

| Financial Highlights | 1976 | 1975 |
|-----------------------------------|--------|--------|
| Profit before extraordinary items | £2000 | £2000 |
| Profit after extraordinary items | 3,243 | 2,447 |
| Per ordinary share | 48.8p | 37.2p |
| Extraordinary items | 3,107 | 1,368 |
| Net profit | 6,350 | 3,815 |
| Per ordinary share | 99.2p | 58.8p |
| Ordinary shareholders' funds | | |
| at book value | 26,744 | 21,397 |
| Per ordinary share | 426p | 340p |
| Shareholders' funds employed | | |
| including investment appreciation | 36,807 | 29,672 |

The Annual General Meeting will be held on Tuesday, May 24th at 10.00 a.m. at Winchester House, Old Broad Street, London EC2.

Copies of the Report and Accounts may be obtained on request from the Secretary, Amalgamated Metal Corporation Limited, 2 Metal Exchange Buildings, Leadenhall Avenue, London EC3V 1LD.



Matthews Wrightson Holdings Limited

Stewart Wrightson Limited
International Insurance Brokers

Matthews Wrightson Pulbrook Limited
Underwriting Agents at Lloyd's

Galbraith Wrightson Limited
Shipbrokers

Instone Air Transport Limited
Air Brokers

Matthews Wrightson Land Limited
Rural Land Use

● Group pre-tax profit increased by 51% to £9,193,000, although as a result of higher taxation and minorities, and shipping provisions, profit attributable to shareholders increased only marginally to £2,847,000.

● The insurance group had an outstanding year, increasing its profit before tax by 73% to £9,558,000. With a 46% increase in brokerage to nearly £34 million, Stewart Wrightson's broking profit rose by 71% to £8,319,000, £2.3 million being attributable to the fall in the value of Sterling.

● In difficult trading conditions, Galbraith Wrightson's ship-broking profit rose from £1,194,000 to £1,781,000.

● In addition to a ship operating loss of £953,000, an extraordinary item provision of £1.3 million has been made in respect of an associated shipping company.

● Rural land use results deteriorated to a loss of £1,282,000, due mainly to terminal losses on the sale of land. However, combined trading profits of the farming and forestry companies increased satisfactorily.

● A final dividend of 5.9655p net is proposed, making a total of 8.8481p net (13.6125p gross), the maximum permitted under Government regulations.

Copies of the Annual Report may be obtained from the Secretary, Matthews Wrightson Holdings Limited, Fountain House, 130 Fenchurch Street, London EC3M 5DJ.

FINANCIAL NEWS AND MARKET REPORTS

Stock markets

Poise regained after miners' scare

A strong opening by Wall Street helped shares to recover some of their poise after the miners' opposition to further pay restraint had sent prices tumbling from a firm start. Once again trading was light and a shortage of stock was mainly responsible for advancing the FT index 4.3 by 1 p.m. In the next two hours, pay policy doubts had reduced this gain to a single point, but thereafter prices moved ahead again and the index closed 3.2 up at 421.0.

In gilt, short dates dominated in the hope of another quarter-point cut in the Minimum Lending Rate. This prompted some switching from the longer end and by the close the electricals pitch, Muthershead jumped 14p to 169p on renewed speculative demand, but both Bowthorpe, 3p to 51p, and LEC Refrigeration, 1p to 77p, eased back after figures. The Price Commission's de-

cision to order a cut in prices hit Stewart Plastics to the extent of 4p to 86p, while speculative demand lifted United Scientific 4p to 198p, Gill & Duffus 10p to 212p, London Merchant Securities 7p to 44p and Wilkinson Match 7p to 140p.

In foods, figures from Associated Biscuits, off 3p to 65p, were a disappointment, but United Biscuits did not move in tandem, gaining 1p to 139p. With margins well up, figures from John Mowlem were considered bullish in the building sector and the shares put on a couple of pence to 119p. Hewden Stuart were firm at 40p after a statement while others to meet light demand were BPS up 3p to 155p and Taylor Woodrow 5p to 317p.

With Reuters' Carter expected to favour a world market rate for Alaskan oil, BP shot up no less than 34p to 860p. Shell were 81p better

at 502 1/2p and the Lasso units had another firm session, gaining 12p to 305p.

In mines, RTZ rose 6p to 223p after figures and hopes of exemption from dividend restraint.

From a long list of companies reporting Smiths Industries rose 2p to 136p ahead of their statement but were little moved thereafter. Carpets International put on 2p to 67p, Croda 1p to 60p, Autopac Products 4p to 73 1/2p and Caplin Profile 2p to 52p, all after statements. But Myson did not please, losing 3p to 55p.

After its report and the prospect of United Kingdom cutbacks, Philips Lamps closed at £9.95, a gain of 33p.

Speculators seem convinced there will be developments soon at North-East shipowner, Common Brothers. In the past two days small but persistent demand has lifted the shares 3p to 226p in a thin market. One theory is that South Hunter, with about 18 per cent, might sell the stake now that its shipbuilding interests have been taken over. But British & Commonwealth, the other major holder, is not necessarily regarded as the likely destination of the shares.

In insurances, figures from Matthews Wrightson brought a gain of 10p to 232p and spurred sympathetic rises of 7p to 280p for Sedgwick Forbes and 16p to 538p for C. E. Heath, the latter also helped by more bad news. Equity turnover on April 13 was £67.62m (14,056 bargains). Active stocks yesterday, according to Exchange Telegraph, were BP, Shell, GKN, new, Royal, National Westminster, Telford, Marks & Spencer, BAT, D.D. Lex Service, Hawker Siddeley, Burmah, GUS "A", Muthershead, United Scientific, THE, Wilkinson, March, Peachey, Gill & Duffus, Babcock & Wilcox and Matthews Wrightson.

Latest dividends

| Company | Ord div | Year ago | Pay date | Year ago | Prev year |
|------------------------------|---------|----------|----------|----------|-----------|
| Associated Biscuits (£1) | 14.63 | 13.30 | 1/3 | 1.63 | 13.30 |
| Associated Biscuits (20p) | 1.51 | 1.4 | 1/3 | 2.83 | 2.6 |
| Automotive Products (25p) | 1.82 | 1.66 | 1/3 | 1.82 | 1.66 |
| Beaufort (10p) Fin | 2.04 | 1.84 | 1/3 | 2.95 | 2.72 |
| Bentalls (10p) Fin | 1.05 | 0.85 | 31/5 | 4.85 | 3.85 |
| Bentalls (25p) Fin | 1.62 | 1.26 | 31/5 | 2.87 | 2.87 |
| Bowthorpe (10p) Fin | 0.71 | 0.71 | 2/7 | 1.46 | 1.33 |
| Caplin Profile (10p) | 1.5 | 1.5 | 2/7 | 5.51 | 5.50 |
| Croda (10p) Fin | 2.23 | 2.23 | 10/6 | 2.1 | 1.12 |
| Croda Int (10p) Fin | 1.12 | 1.01 | 10/6 | 1.94 | 1.78 |
| Gen & Commercial (25p) | 3.1 | 2.35 | 31/5 | 4.85 | 3.85 |
| Green's Economiser (25p) Fin | 2.12 | 2.8 | 4/6 | 4.24 | 3.85 |
| Hewden Stuart (10p) Fin | 1.05 | 0.93 | 1/3 | 1.60 | 1.43 |
| M. P. Kent (10p) Int | 0.6 | 0.5 | 31/5 | 2.31 | 2.10 |
| LEC Refrigeration (25p) Fin | 1.46 | 1.38 | 1/3 | 2 | 1 |
| Lombard Int | 1.25 | 10.5 | 26/5 | 12.5 | 10.5 |
| London Pavilion (£1) | 5.96 | 5.42 | 1/3 | 8.84 | 8.04 |
| Matthews Wrightson | 2.0 | 1.82 | 11/6 | 2.55 | 2.32 |
| Owen Owen (25p) Fin | 4.0 | 3.85 | 1/7 | 7.0 | 5.48 |
| Portals (25p) Fin | 2.78 | 2.78 | 1/7 | 5.48 | 5.48 |
| R.T.Z. Corp (25p) | 1.34 | 1.1 | 2/6 | 2.06 | 1.8 |
| Robur (25p) Fin | 2.99 | 2.71 | 13/6 | 6.48 | 6.48 |
| Sing Furniture (25p) Fin | 2.6 | 2.4 | 1/3 | 4.3 | 3.9 |
| Supra Group (10p) Fin | 0.52 | 0.47 | 1/3 | 0.83 | 0.75 |
| Wade Pottery (10p) Int | 0.5 | 0.45 | 15/5 | 0.83 | 0.75 |

Portals get security paper boost

Powered by a 48 per cent improvement from the security paper division, Portals jumped 35p per cent pre-tax in 1976 to £7.3m.

There is a faint possibility that provisions may recur this year but according to director Mr Simon Every the £477,000 exceptional provision for debts arising from the sale of Italian and Swiss associate interests "hopefully" stems this particular loss.

The Middle East desalination contract, with an unnamed government, could run for another two years but the £1m total gross provision, to add to the similar surplus provided in 1974 is now expected to cover all losses. The contract was undertaken eight years ago by William Bobby, purchased from Weir Group in 1974, using the electro-dialysis method of water treatment, which has been superseded by more efficient technology. Weir and Portals, however, split the cost so the latter's net liability is £240,000.

The water treatment business is apparently picking up more business at the lighter end but although exports are healthy, the United Kingdom side, particularly heavier work, is persistently flat.

Still, with a lead time of around two years, Portals takes heart. From the 1975 order book and the water treatment and engineering contribution is expected to improve from the £2.66m pre-tax last year.

The shares were unchanged yesterday at 162p but higher profits are forecast for 1977 and shareholders, who include the Bank of England with a 31.9 per cent stake, get a gross final dividend of 6.15p per share, raising the total by the promised 26 per cent to 10.77p per share.

Volkswagen good, J Borel bad

Good news was on the way from Volkswagen's Volkswagen but yesterday it lost nothing in the telling. Last July shareholders were told that the Golf, Passat, Sirocco and Audi giant would probably wipe out two years of losses in 1976, but the likelihood of a dividend was left in the air.

Happily management and the supervisory board have agreed that profits were big enough for the first dividend since 1973. It is to be DM5 as some had hoped the group had nothing to say. The group did report 1976 net profits of just over DM1 billion compared with 1975 net losses of DM157m.

The unanswered question is whether VW will replenish its coffers, possibly through a Bourse-raised \$100m Euro-bond.

The group has had huge losses, and last year Herr Toni Schmucker, executive chairman, admitted that: "We had no air to breathe any more". Now VW has new models but it is thought that it wants more money to pay for new capacity in the United States. Yesterday the group had nothing to say.

The group did report 1976 net profits of just over DM1 billion compared with 1975 net losses of DM157m.

Record £9.19m from Matthews Wrightson

On turnover up from £40.24m to £57.6m, pre-tax profits of Matthews Wrightson Holdings jumped by 51 per cent last year to £9.19m by far the best-ever result. The total gross payment is being raised from 12.37p to 13.62p.

Matthews' insurance side had an "outstanding year", boosting pre-tax profits by 73 per cent to £9.55m. With a 46 per cent rise in brokerage to almost £34m, Stewart Wrightson's broking profit climbed by 71 per cent to £8.31m—despite having absorbed an increase in rent and rates of about £1m following the move to its new head office in the City.

About £2.3m of broking profits is estimated to be attributable to the fall in the value of sterling. In addition to an overall ship-operating loss of £953,000 (against £121,000) of which the larger part was in an associate, the board has decided to provide £1.3m under extraordinary items.

Trading in the second-half showed a "marked improvement" on the first, when a pre-tax loss of £290,000 was made. However, after tax, minority interest and credit for extra-

ordinary items, profit attributable to Owen Owen shareholders is actually up, from £1.08m to £1.13m. A revaluation of the group's United Kingdom properties at February 1, 1976, revealed a surplus of £8.2m over the book value.

Meanwhile, Bentalls reports sales (excluding VAT) up by 15.76 per cent at £31.46m for the year to January 25. Profits expanded by 12.36 per cent to £2.1m—the first time it has topped £2m. With earnings per ordinary stock unit up from 2.2p to 2.43p, the total gross dividend is going up from 1.47p to 1.62p, the maximum allowed. At yesterday's annual meeting of supermarkets and stores group, F. J. Wallis, the chairman, Mr D. R. Glynn, said the latest figures, compiled to week 13 of the current year, are in line with the forecast. Profits he made in rejecting International Stores' offer.

Gen Immobiliare plans sales to prevent collapse

Another peak for Bentalls, but Owen Owen declines

Record £9.19m from Matthews Wrightson

Volkswagen good, J Borel bad

Portals get security paper boost

Another peak for Bentalls, but Owen Owen declines

Record £9.19m from Matthews Wrightson

Volkswagen good, J Borel bad

